

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 22, 2014
APPLICATION SUMMARY

NAME OF PROJECT: River Park Hospital, LLC

PROJECT NUMBER: CN1407-030

ADDRESS: 1559 Sparta Street
McMinnville (Warren County), TN 37110

LEGAL OWNER: Saint Thomas/Capella, LLC
501 Corporate Centre Drive
Franklin (Williamson County), TN 37067

OPERATING ENTITY: N/A

CONTACT PERSON: Joseph Mazzo
(931) 815-4203

DATE FILED: July 9, 2014

PROJECT COST: \$1,199,250

FINANCING: Cash Reserves

REASON FOR FILING: Initiation of inpatient psychiatric services and
conversion of 10 existing licensed medical/surgical
beds to geriatric psychiatric beds

DESCRIPTION:

River Park Hospital, LLC is a 125 bed acute care hospital in McMinnville (Warren County) TN. The applicant proposes to initiate inpatient psychiatric services and convert 10 of the hospital's existing licensed general medical/surgical beds to geriatric psychiatric beds. This project involves the renovation of 5,066 square feet on the third floor of River Park Hospital.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

Psychiatric Inpatient Services

A. Need

1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).

See below

2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.

2018 Population: Primary Service Area

Age 20 and older 123,273 X 30 beds/100,000 = 37.0

Age 55+ 48,135 X 30 beds/100,000 = 14.4 beds

3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.

This criterion does not apply to this application.

4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

Service Area	Population 2018		Gross Need Pop. X (30 beds/100,000)		Current Beds		Net Need	
	Adult	Geri 55+	Adult	55+	Adult	55+	Adult	55+
Coffee, DeKalb, Grundy, Van Buren, Warren and White Counties	123,273	48,135	37.0	14.4	0	10	27	4.4
Calculation using adjacent Cannon County and the beds at Stones River Hospital (Cannon County)								
6 service area counties above + Cannon County	134,462	52,815	40.3	15.8	0	32	8.3	(16.2)
Calculation of bed need using Warren County (where in 2012 82% of River Park Hospital's inpatients reside):								
Warren County	30,575	12,562	9.2	3.8	0	0	9.2	3.8

According to the TDH Report, there are 10 psychiatric beds in the primary service area and no approved but unimplemented beds.

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Subtracting the 10 beds from the 37 adult psychiatric bed need results in a net bed need of 27.

When considering only adult beds, it appears that this criterion has been met.

Applying this formula to only the age 55+ population the result is a bed net need of 4.4 beds.

When considering only the age 55+ population in the bed need formula, it appears that this criterion may not be met.

Note to Agency members: 1) In the supplemental response, the applicant calculated bed need that included contiguous Cannon County where a 22 bed geriatric psychiatric unit currently operates, which resulted in a bed need of (16.2) beds for the 55+ population. The applicant also calculated bed need using Warren County only (where 82% of the applicant's inpatient acute admissions reside) which resulted in a bed need of 3.8 beds for the 55+ population.

2) River Park Hospital developed an alternative, age-adjusted methodology to project the need for geriatric psych inpatient beds by using Nielsen Claritias population data. Please refer to page 3 of the Department of Health summary for additional information.

3) According to a September 30, 2014 letter from Mark B. Medley, Senior Vice-President of Hospital Operations for Capella Healthcare, Stones River Hospital in Woodbury (Cannon County), Tennessee will file a Certificate of Need application to redistribute 10 psychiatric beds to acute beds prior to implementation of this Certificate of Need should it be approved.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

The service area is based upon the applicant's current patient origin

It appears that this criterion has been met.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

The elderly population is expected to increase 15.4%, or 4,026 residents from 2014 to 2019.

It appears that this criterion has been met.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

There are no identified state, city, county, or regional planning documents.

This criterion does not apply to this application.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

There are no identified state, city, county, or regional plans that require consideration.

This criterion does not apply to this application.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

Two regional mental health hospitals serve service area residents and are supported by state appropriation: Middle Tennessee Mental Health Institute (Davidson County) and Moccasin Bend Mental Health Institute (Hamilton County). The applicant will primarily serve the geriatric population. The impact upon the Regional Mental Health Institutes will be minimal since these facilities primarily serve patients 18-64.

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It appears that this criterion has been met.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

The applicant will accept involuntary admissions.

It appears that this criterion has been met.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

The applicant projects a payor mix of 22.7% TennCare and 49.3% Medicare.

It appears that this criterion has been met.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization of similar services should be considered.

Highlands Medical Center (White County), a 10 bed psychiatric inpatient provider, is the only geriatric inpatient provider in the service area. The patient occupancy of the 10 bed unit increased from 79% in 2010 to 84% in 2012.

It appears that this criterion has been met.

Note to Agency members: The 10-bed unit at Highlands reported 3,036 inpatient days in 2012 which represents 47.5% of the 6,387 total inpatient days for the 60-bed hospital. Highland Medical Center is 29.3 miles or 33 minutes from the applicant. Distance from Highlands to the 6 counties in the service area ranges from 15 miles to Spencer (Van Buren County) to 56.9 miles to Altamont (Grundy County). Please refer to page 93 of the application for a map of the 6 county service area.

2. Accessibility to specific special need groups should be an important factor.

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The applicant plans to serve a significant number of elderly, low-income, indigent individuals, as well as patients with complex medical co-morbidities such as dialysis, IV fluids, total parenteral nutrition, detoxification, and urinary tract infections.

It appears that this criterion has been met.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health and Substance Abuse Services (DMHSAS) licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

If approved, the unit will be located within an acute care hospital, which is licensed by the TN Department of Health. The applicant confirmed that it understood licensure requirements and that it was Joint Commission accredited

It appears the application meets this criterion.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italic.

River Park Hospital proposes to initiate inpatient psychiatric services and convert 10 existing medical-surgical beds to 10 inpatient geriatric psychiatric beds (for ages 55 and older), resulting in no increase in the total licensed bed capacity. The proposed secured unit will be designed to focus on elderly medical-surgical patients with a dual psychiatric disorder such as dementia, Alzheimer's, and conditions involving drug interactions and reactions. The floor plan will allow the separation of patients who may become temporarily agitated, withdrawn, or depressed. The applicant will offer both semi-private and private rooms, depending upon patient needs.

Initially, the applicant will not provide intensive outpatient or partial hospitalization in conjunction with the proposed inpatient geriatric service. River Park intends to supplement its proposed geriatric inpatient program with intensive outpatient and partial hospitalization as demand grows.

If approved, the applicant projects that the proposed geriatric psychiatric unit will open in April 2015.

Need

The applicant provides the following justification in the application:

- Existing beds in the service area are well utilized. The 10-bed unit at Highlands Medical Center had an average daily census of 8.4 patients (83.8% occupancy) in 2012.
- According to the Need formula, an additional 10 beds will be required by 2016 which is Year 2 of the project.
- Both voluntary and involuntary admissions will be accepted, which will help reduce emergency department utilization and costs.
- The applicant notes that both TDMHSAS and TDH representatives have acknowledged that current guidelines (30 beds/100,000 population) are inadequate.

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Ownership

The ownership structure for the applicant is as follows:

River Park Hospital, LLC is one of four hospitals ultimately owned by Capella Healthcare, Inc. and Saint Thomas Health through an intermediate entity, Saint Thomas/Capella, LLC. Capella, with 93.51% ownership, is the majority owner and managing member of the limited liability company. Saint Thomas, with 6.49% ownership, is the tertiary care partner for all four hospitals.

River Park Hospital was purchased by Capella Healthcare in November of 2005. In May 2012, Capella Healthcare and Saint Thomas Health finalized a partnership which resulted in the joint ownership and operation of Capella's four Middle Tennessee hospitals, including River Park Hospital, Highlands Medical Center, DeKalb Community Hospital, and Stones River Hospital. These hospitals operate as part of the Saint Thomas Network, which holds an equity interest. Two of the four hospitals provide geriatric psychiatric services. Highlands Medical Center, located in Sparta (White County) has a 10-bed unit in the service area and Stones River Hospital in Woodbury (Cannon County) has a 22-bed unit immediately adjacent to the service area.

Facility Information

- The current facility is 18 years old (built in 1996) and consist of 125 beds.
- The 10-bed unit will be created by renovating 5,066 SF on the 3rd floor. Six patient rooms will be renovated to create 4 semi-private rooms and 2 private rooms. The space is currently used for overflow patients.
- Renovations will include new doors, observation windows, nursing station, closed circuit cameras, etc.
- Triage and assessments areas will be located within a secured area of the hospital's emergency department.

Service Area Demographics

Primary Service Area

River Park's declared primary service area is Coffee, DeKalb, Grundy, Van Buren, Warren and White Counties.

- The total population of the primary service area is estimated at 159,390 residents in calendar year (CY) 2014 increasing by approximately 2.8% to 163,862 residents in CY 2018.
- The total 65+ age population is estimated at 27,081 residents in CY 2014 increasing approximately 2.2% to 27,687 residents in 2018
- The total population of the state of Tennessee is expected to grow 3.7% during the same timeframe.

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- The 65+ age population in the state of Tennessee overall is expected to increase 12.3% during the same timeframe.
- The latest 2013 percentage of the primary service area population enrolled in the TennCare program is approximately 22.5%, as compared to the statewide enrollment proportion of 18.1%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization
Psychiatric Utilization Trends, 2011-2013

Facility	Psychiatric Beds	Patient Days			% Change 2011-2013	Occupancy			Accepts Involuntary Admits?
		2011	2012	2013		2011	2012	2013	
Highlands MC	10	2,893	3,059	3,036	+4.9%	79.3%	83.8%	83.2%	Yes

Source: Tennessee Department of Health, Joint Annual Reports - 2011, 2012, and 2013

- The above chart indicates inpatient psychiatric utilization at the one 10 bed geriatric psychiatric unit in the proposed service area increased 4.9% from 2,893 patient days in 2011 to 3,036 patient days in 2013.
- Highland Medical Center accepts both voluntary and involuntary admissions.

Note to Agency members: Stones River Hospital's (owned by Capella Healthcare) is a 60 bed inpatient hospital with a 22 bed gero-psychiatric inpatient unit in adjacent Cannon County. The gero-psychiatric unit operated at 70.2% occupancy in 2011, 65% in 2012, and 34.7% in 2013. The Stones River Hospital's 2,787 inpatient psychiatric days in 2013 represented 61.5% of the overall total inpatient days of 4,525.

Acute Care Utilization Trends, 2011-2013

The applicant plans to convert 10 existing licensed medical/surgical beds to 10 geriatric psychiatric beds. The following chart illustrates the 2011-2013 Joint Annual Report of Hospitals reported licensed beds and their occupancy in the 6 county service area.

2011-2013 Service Area Acute Care Hospitals Licensed and Staffed Bed Occupancy

Facility	County	Licensed Beds	Patient Days			Licensed Occupancy			% Change 2011-2013
			2011	2012	2013	2011	2012	2013	
River Park Hospital	Warren	125	13,695	11,625	11,395	30%	25.5%	25%	-16.9%
*Highlands Medical Center	White	60	6,547	7,189	6,387	30%	32.9%	29.2%	-2.4%
Horton Regional Medical Center	Coffee	135	23,773	22,186	19,549	48.2%	45%	39.6%	-17.8%
Medical Center of Manchester	Coffee	25	4,925	5,814	4,148	54%	63.7%	45.5%	-15.8%
United Regional Medical Center	Coffee	54	4,418	3,551	3,388	22.4%	18%	17.2%	-23.3%
DeKalb Community Hospital	Dekalb	71	4,636	4,107	3,603	17.9%	15.8%	13.9%	-22.3%
Total		470	57,944	54,472	48,470	33.8%	31.8%	28.3%	-16.4%

Source: Joint Annual Report of Hospitals 2011-2013, Division of Health Statistics, Tennessee Department of Health

*Highlands Medical Center has 10 geriatric psych beds

- The overall utilization of inpatient acute facilities in the primary service area decreased 16.4% from 57,944 patient days in 2011 to 48,470 days in 2013.
- In 2013 the licensed occupancy of inpatient acute care facilities ranged from 13.9% at DeKalb Community Hospital to 45.5% at the Medical Center of Manchester.

Applicant Historical and Projected Utilization

The applicant's historical and projected utilization for the first two years after project completion is presented in the tables below:

River Park Hospital Historical Inpatient Utilization

Licensed Beds	2010 Patient Days (PDs)	2011 PDs	2012 PDs	2013 PDs	2010-2013 % chng.	2010 % Occ.	2011 % Occ.	2012 % Occ.	2013 % Occ.
125	14,921	13,695	11,625	11,395	-23.6%	32.7%	30.0%	25.4%	25.0%

Applicant Psychiatric Unit Projected Utilization

The applicant's projected utilization for the inpatient psychiatric unit is presented in the following table.

Year	Beds	Patient Days	ADC	% Occupancy
Year 1	10	2,293	6.3	62.8%
Year 2	10	2,752	7.5	75.4%

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Project Cost

Major costs are:

- Construction/Renovation Cost- \$975,000, or 81.3% of cost.
- Architectural and Engineering Fees- \$80,000, or 6.7% of the total cost.
- For other details on Project Cost, see the Project Cost in the original application.
- The renovated construction cost is \$192.00 per square foot (/SF). As reflected in the table below, the renovated construction cost is between the first quartile and the median of statewide hospital renovated construction projects from 2011 to 2013.

**Statewide Hospital Construction Cost per Square Foot
2011-2013**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$107.15/sq. ft.	\$235.00/sq. ft.	\$151.66/sq. ft.
Median	\$179.00/sq. ft.	\$274.63/sq. ft.	\$227.88/sq. ft.
3rd Quartile	\$249.00/sq. ft.	\$324.00/sq. ft.	\$274.63/sq. ft.

Source: HSDA Applicant's Toolbox

Financing

A May 28, 2014 letter from Christina Patterson, Capella Healthcare's Vice-President of Finance, confirms that River Park has sufficient financial resources to fund the proposed project's capital cost will be provided from the cash reserves.

Capella Healthcare Inc.'s audited financial statements for the period ending December 31, 2013 indicates \$26,400,000 in cash and cash equivalents, total current assets of \$204,200,000, total current liabilities of \$159,800,000, and a current ratio of 1.27:1.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

- According to the Historical Data Chart, River Park Hospital reported negative net operating income less capital expenditures in the following three previous years: \$(743,498) for 2011; \$(4,143,969) for 2012; and \$(4,428,017) for 2013.
- Deductions from gross operating revenue increased from \$166,031,886 in 2011 to \$179,200,100 in 2013 which lowered net operating income.

Projected Data Chart

The applicant projects \$6,478,290.00 in total gross revenue on 2,293 days during the first year of operation and \$8,240,385 on 2,752 days in Year Two (approximately \$2,994 per day). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$362,024 in Year One increasing to \$704,227 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach \$2,301,332 or approximately 28% of total gross revenue in Year Two.
- Charity care totals \$23,246 in Year Two, equaling 7.8 patient days.

Charges

In Year One of the proposed project, the average charges are as follows:

- The proposed average gross charge is \$2,825/day in 2015.
- The average deduction is \$1,989/day, producing an average net charge of \$836/day.

Medicare/TennCare Payor Mix

- Medicare- Charges will equal \$4,062,510 in Year One representing 49.3% of total gross revenue.
- TennCare-Charges will equal \$1,870,567 in Year One representing 22.7% of total gross revenue.

Staffing

The applicant's proposed direct patient care staffing includes the following:

- 6.3 FTE Registered Nurses, and
- 4.2 Nursing Assistants, and
- 2.1 LPNs, and
- 1.4 FTE Art/Recreational Therapist, and
- 1.0 Nurse Manager, and

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- 1.0 FTE Social Worker, and
- 1.0 FTE ER Assessment RN

Licensure/Accreditation

River Park Hospital is licensed by the Tennessee Department of Health and accredited by The Joint Commission. The Joint Commission completed a hospital accreditation survey on May 31, 2013. As a result of the survey, River Park's accreditation is effective June 1, 2013 valid for up to thirty-six (36) months.

The applicant has submitted the required information on corporate documentation and title and deeds. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied, pending applications, or outstanding Certificates of Need for this applicant.

Saint Thomas has financial interests in this project and the following:

Outstanding Certificates of Need:

Saint Thomas Hospital-Midtown, CN1401-001A, has an outstanding certificate of need that will expire on June 1, 2017. The application was approved at the April 23, 2014 Agency meeting for the development of a Joint Replacement Service by consolidating orthopedic operating rooms currently located on two different floors of STM and by relocating operating rooms (OR) at Saint Thomas West Hospital to STM. The service will contain ten (10) surgical joint replacement suites, PACU and Prep/Recovery private bay areas, and two (2) dedicated nursing units with a total of 62 private patient rooms. There will be no net increase to the OR complement of Saint Thomas Health - Nashville if the OR complement in Saint Thomas Hospital, CN110-037A is voluntarily reduced by 4 ORs. This project will not change the hospital's 683 licensed bed complement. The total estimated project cost is **\$25,832,609**. *Project status update: This project was recently approved.*

Baptist Plaza Surgicare, CN1307-029A, has an outstanding Certificate of Need which will expire on December 1, 2015. It was approved at the October 23, 2013 Agency meeting for the relocation and replacement of the existing ASTC from 2011 Church Street Medical Plaza I Lower Level, Nashville (Davidson County) to the northeast corner of the intersection of Church Street and 20th Avenue North (Nashville, (Davidson County). The facility will be constructed in approximately 28,500 SF of rentable space in a new medical office building and will contain nine (9) operating rooms and one (1) procedure room. The estimated project cost is **\$29,836,377.00**. *Project Status: During the July 23, 2014 Agency meeting a modification to the Certificate of Need was approved to 1) To move the project within the campus of Saint Thomas Midtown Hospital (formerly known as Baptist Hospital); 2) Decrease the project cost; and 3) Slightly increase the square footage.*

Saint Thomas Medical Center, CN1110-037A, has an outstanding certificate of need that will expire on March 1, 2017. The application was approved at the January 25, 2012 Agency meeting for the 3-phase hospital renewal project for various services and area: renovation of 89,134 SF of hospital space; construction an adjoined 6-level 135,537 SF patient tower; and the addition of a GE Discovery CT scanner. The estimated project cost is **\$110,780,000**. *Project Status update: Review of the 4/2/14 annual progress report revealed that Phase 1 of the project (renovations to the second floor ICU rooms) is 100% complete, with review by TDH occurring in March 2014. The OR renovations and Emergency Department CT are currently in construction ahead of schedule and are at 5% and 15% completion, respectively. Phase 2 work (new tower construction) is scheduled to begin mid/late-2014 and some Phase 3 work (reconfiguration of space that is not dependent on relocation of services to the new tower) is planned to start in the next several months. The overall project is expected to be complete in early 2017.*

Seton Corporation d/b/a Baptist Hospital, CN1106-020A, has an outstanding Certificate of Need which will expire on November 1, 2014. It was approved at the September 28, 2011 Agency meeting to modify its existing facility through renovation of 44,400 square feet of its Cardiac and Medical Imaging Departments located on the hospital's second floor, and construction of a new 3,900 square foot exterior, elevated, connecting corridor. The application will not add new services, new major medical equipment, change the hospital's current 683 bed licensed bed complement or its bed configuration amongst inpatient services. The estimated project cost is **\$14,670,000.00**. *Project Status: According to a 10/8/14 email from a St. Thomas representative, the project has been deemed complete. HSDA is currently awaiting final project report.*

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CERTIFICATE OF NEED INFORMATION FOR OTHER FACILITIES IN THE SERVICE AREA:

There are no other Letters of Intent, denied, pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
(9/9/2014)

LETTER OF INTENT



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Southern Standard which is a newspaper
of general circulation in Warren, Tennessee, on or before July 9, 2014
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

River Park Hospital, LLC an existing Hospital
(Name of Applicant) (Facility Type-Existing)
owned by: Capella Healthcare, Inc. with an ownership type of For-Profit Corporation
and to be managed by: River Park Hospital intends to file an application for a Certificate of Need
for [PROJECT DESCRIPTION BEGINS HERE]: the initiation of geriatric psychiatric services at River Park Hospital. The project proposes the conversion of ten (10) of the hospital's existing licensed general medical/surgical beds to geriatric psychiatric beds. Renovation of approximately 5,066 square feet of existing space on the third floor of River Park Hospital will be required. No new beds or major medical equipment are being requested for the project. The total cost of the project is estimated to be \$1,199,250.

The anticipated date of filing the application is: July 14, 2014

The contact person for this project is Joseph Mazzo Chief Operating Officer
(Contact Name) (Title)

who may be reached at: River Park Hospital 1559 Sparta Street
(Company Name) (Address)
McMinnville TN 37110 931 / 815-4203
(City) (State) (Zip Code) (Area Code / Phone Number)

Joseph Mazzo 7/3/14 Joseph.Mazzo@cappellahealth.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF51 (Revised 01/09/2013 - all forms prior to this date are obsolete)

COPY

-Application

River Park

Hospital, LLC

CN1407-030



River Park Hospital

In partnership with Saint Thomas Health

**INITIATION OF GERIATRIC PSYCHIATRIC SERVICES
AT
RIVER PARK HOSPITAL**

**CERTIFICATE OF NEED APPLICATION
JULY 2014**

SECTION A:**APPLICANT PROFILE**

Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A." **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.**

For Section A, Item 1, Facility Name must be applicant facility's name and address must be the site of the proposed project.

For Section A, Item 3, Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State.

For Section A, Item 4, Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.

For Section A, Item 5, For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.

Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.

For Section A, Item 6, For applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.

1. <u>Name of Facility, Agency, or Institution</u>			
<u>River Park Hospital, LLC</u>			
Name			
<u>1559 Sparta Street</u>			
Street or Route		<u>Warren</u>	
		County	
<u>McMinnville</u>		<u>TN</u>	<u>37110</u>
City		State	Zip Code
2. <u>Contact Person Available for Responses to Questions</u>			
<u>Joseph Mazzo</u>		<u>Chief Operating Officer</u>	
Name		Title	
<u>River Park Hospital</u>		<u>Joseph.Mazzo@capellahealth.com</u>	
Company Name		email address	
<u>1559 Sparta Street</u>		<u>McMinnville</u>	<u>TN</u> <u>37110</u>
Street or Route		City	State Zip Code
		<u>931-815-4203</u>	<u>931-815-4710</u>
Association with Owner		Phone Number	Fax Number
3. <u>Owner of the Facility, Agency or Institution</u>			
<u>Capella Healthcare, Inc</u>		<u>615-764-3000</u>	
Name		Phone Number	
<u>501 Corporate Centre Drive</u>		<u>Williamson</u>	
Street or Route		County	
<u>Franklin</u>	<u>TN</u>	<u>37067</u>	
City	ST	Zip Code	
4. <u>Type of Ownership of Control (Check One)</u>			
A. Sole Proprietorship	_____	F. Governmental (State of TN or Political Subdivision)	_____
B. Partnership	_____	G. Joint Venture	_____
C. Limited Partnership	_____	H. Limited Liability Company	<u>X</u>
D. Corporation (For Profit)	_____	I. Other (Specify)_____	_____
E. Corporation (Not-for-Profit)	_____		

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

5. Name of Management/Operating Entity (If Applicable)

Name _____

Street or Route _____

County _____

City _____

ST _____

Zip Code _____

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. Legal Interest in the Site of the Institution (Check One)

- | | | | |
|-------------------------|----------|--------------------|-------|
| A. Ownership | <u>X</u> | D. Option to Lease | _____ |
| B. Option to Purchase | _____ | E. Other (Specify) | _____ |
| C. Lease of _____ Years | _____ | | |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

7. Type of Institution (Check as appropriate--more than one response may apply)

- | | | | |
|--|----------|--|-------|
| A. Hospital (Specify) Acute Care | <u>X</u> | I. Nursing Home | _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty | _____ | J. Outpatient Diagnostic Center | _____ |
| C. ASTC, Single Specialty | _____ | K. Recuperation Center | _____ |
| D. Home Health Agency | _____ | L. Rehabilitation Facility | _____ |
| E. Hospice | _____ | M. Residential Hospice | _____ |
| F. Mental Health Hospital | _____ | N. Non-Residential Methadone Facility | _____ |
| G. Mental Health Residential Treatment Facility | _____ | O. Birthing Center | _____ |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | _____ | P. Other Outpatient Facility (Specify) | _____ |
| | | Q. Other (Specify) | _____ |

8. Purpose of Review (Check as appropriate--more than one response may apply)

- | | | | |
|--|----------|---|----------|
| A. New Institution | _____ | G. Change in Bed Complement | _____ |
| B. Replacement/Existing Facility | _____ | [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] | <u>X</u> |
| C. Modification/Existing Facility | <u>X</u> | | |
| D. Initiation of Significant Health Care Service as defined in TCA § 68-11-1607(4) (Specify) <u>Geriatr Psych Services</u> | <u>X</u> | H. Change of Location | _____ |
| E. Discontinuance of OB Services | _____ | I. Other (Specify) | _____ |
| F. Acquisition of Equipment | _____ | | |

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Beds</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
	<u>Licensed *CON</u>			
A. Medical	_____	_____	_____	_____
B. Surgical (General Med/Surg)	<u>125</u> _____	<u>48</u> _____	<u>(10)</u> _____	<u>115</u> _____
C. Long-Term Care Hospital	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	<u>10</u> _____	<u>10</u> _____	<u>10</u> _____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____
TOTAL	<u>125</u> _____	<u>58</u> _____	_____	<u>125</u> _____
*CON-Beds approved but not yet in service				

10. Medicare Provider Number 044-0151
Certification Type Acute Care Hospital
11. Medicaid Provider Number 044-0151
Certification Type Acute Care Hospital
12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.*

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

RESPONSE: River Park Hospital (RPH) participates in the major TennCare MCOs serving patients in the area: Americhoice, Amerigroup, United Healthcare Community Plan and TennCare Select. In total, RPH participates in approximately 71 managed care organizations/behavioral health organizations. Please see **Attachment A, 13 (Tab 6)** for a list of managed care contracts in which RPH participates.

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE: Please see the following two pages for the executive summary.

INITIATION OF GERIATRIC PSYCHIATRIC SERVICES

PROJECT OVERVIEW: River Park Hospital (RPH), the applicant, was founded in 1970 in McMinnville (Warren County). The current facility was built in 1996 and has 125 beds in which it provides acute care services. With this project, RPH seeks to initiate a 10 bed geriatric psychiatric service. In order to contain costs and charges, RPH proposes to convert 10 existing medical-surgical beds to 10 geriatric psychiatric beds (for patients aged 55 and older), resulting in no increase in total licensed bed capacity.

OWNERSHIP STRUCTURE: River Park Hospital was purchased by newly-founded Capella Healthcare in November of 2005, along with Grand View Medical Center in Jasper and two other hospitals outside of Tennessee. Since then, Capella Healthcare has emerged as a national leader in the development and operation of healthcare facilities in non-urban markets. Capella has since acquired nine hospitals from Community Health Systems in February 2008, including White County Community Hospital in Sparta, as well as DeKalb Community Hospital in Smithville and Stones River Hospital in Woodbury in July 2011.

In May 2012, Capella Healthcare and Saint Thomas Health finalized a landmark partnership designed to improve healthcare throughout Middle Tennessee and Southern Kentucky. Based in Nashville, Saint Thomas Health includes five hospitals affiliated with Ascension Health Ministry, the nation's largest Catholic system and non-profit health system. The partnership resulted in the joint ownership and operation of Capella's four Middle Tennessee hospitals, including **River Park Hospital** in McMinnville, **Highlands Medical Center** (formerly White County Community Hospital) in Sparta, **DeKalb Community Hospital** in Smithville and **Stones River Hospital** in Woodbury, all in Tennessee. These hospitals operate as part of the Saint Thomas Health Network, which holds an equity interest. In addition, Saint Thomas Health is the tertiary care partner for the hospitals within the new venture. Capella is the managing member and the majority partner in the venture, and is the exclusive development partner for Saint Thomas Health across Middle Tennessee and Southern Kentucky.

SERVICE AREA: Based on historical patient origin data, RPH's service area for this project is comprised of 6 Tennessee counties – Coffee, DeKalb, Grundy, Van Buren, Warren, and White Counties. Together, these six counties accounted for over 96% of the total hospital inpatients at River Park Hospital. Within the service area, geriatric psychiatric inpatient services are presently provided at 60-bed Highlands Medical Center in Sparta (White County). Seventy-one-bed DeKalb Community Hospital in Smithville (DeKalb County) does not offer inpatient psychiatric services.

NEED: The specialized geriatric psychiatric beds in the six-county service area are well utilized. The 10 beds at Highlands Medical Center had an average daily census of 8.4 patients (83.8% occupancy).

With this Certificate of Need application, River Park Hospital seeks to initiate geriatric psychiatry services to meet the needs of service area patients.

This proposed 10 bed service arose out of the need demonstrated within the service area for geriatric psych services. As will be demonstrated in the need section of this application, the six-county service area will require an additional 10 beds by Year 2 (2016) of this proposed project.

This projected bed need is conservative, however. At the April 2014 HSDA CON meeting, representatives from both the Tennessee Department of Mental Health (Sandra Braber-Grove, Division of General Counsel) and the Division of Health Planning (Jeff Ockerman, Director-Division of Health Planning) both acknowledged that the current psychiatric bed need guidelines (30 beds/100,000 population) are inadequate.

If approved, River Park Hospital will make its geriatric psychiatric program available for both voluntary and involuntary admissions. This will help reduce inappropriate emergency department utilization and costs for all hospitals throughout the area, not just for Capella-affiliated facilities.

EXISTING RESOURCES: RPH does not currently offer any behavioral health services. The proposed project will not result in any services being terminated and will instead improve access to psychiatric patients that are medically compromised and/or geriatric.

PROJECT COST: The total estimated cost of the proposed project is \$1,199,250. Project costs include \$40,000 in equipment-related expenses and \$975,000 for renovations to the 5,066 square feet of existing space. The cost per square foot, \$192.46, is comparable to other Tennessee psychiatric bed addition projects and is discussed in further detail later in the application.

FUNDING: The project will be funded through unrestricted cash reserves of River Park Hospital.

FINANCIAL FEASIBILITY: The proposed completion date of the entire project is April 2015. Projections for Years 1 and 2 indicate that the project is financially feasible.

STAFFING: This project requires only minor increases in staffing. Due to an anticipated increase in the volume of patients served in the 10 converted beds, this project will require a 6.3 FTE increase in registered nurses. By shifting manpower within departments, RPH can fill this FTE requirement internally using existing staffing.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

RESPONSE: Although the construction costs for this hospital project are well below the \$5 million threshold, the applicant has included the completed Square Footage Exhibit the following page. There is no new construction planned. Instead, this project proposes the renovation of 5,066 square feet of existing hospital space at a cost of \$192.46 per square foot, and will create a 10 bed geriatric psychiatry unit. Affected areas will include 6 former patient rooms located on the third floor which are currently held for overflow patients. This project proposes to renovate these rooms for reuse as patient rooms.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

RESPONSE: This project proposes the conversion of 10 of the hospital's currently licensed general medical/surgical beds to psychiatric beds. This proposed conversion of beds will provide geriatric psychiatric patients with greater access to local services not available elsewhere in the service area. The project will not result in any additional beds at the hospital.

Square Footage Exhibit

[illegible]

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. **Adult Psychiatric Services**
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

RESPONSE: The scope of this project involves the conversion of 10 existing general medical/surgical beds to geriatric psychiatric beds. No other service-specific rules are applicable to this project.

As discussed more fully in the need section of this application, the proposed conversion of the 10 beds arose out of the need demonstrated by the actual geriatric psych utilization within the service area.

- D. Describe the need to change location or replace an existing facility.

RESPONSE: Not applicable. This project does not propose a change in location, or the replacement of an existing facility.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total cost; (As defined by Agency Rule).
 2. Expected useful life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
 - b. Provide current and proposed schedules of operations.

RESPONSE: Not applicable. This project does not propose the purchase of any fixed-site

major medical equipment

2. For mobile major medical equipment:

- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

RESPONSE: Not applicable. This project does not propose the purchase of any mobile major medical equipment

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.). In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

RESPONSE: Not applicable. This project does not involve the purchase of major medical equipment.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

RESPONSE: Please see Attachment B, III.(A) (Tab 7) that depicts the 14.4-acre site.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: This project proposes the renovation of existing space within River Park Hospital. The hospital is conveniently located in McMinnville on Sparta Street near its intersection with U.S. 70S/State Route 1, both major thoroughfares through the city. The city of McMinnville does not offer public transportation services

Please see Attachment B, III.(B).1 (Tab 8) for a map depicting the service area and the thoroughfares that connect each county to the proposed site.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of

white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale.

RESPONSE: Please see **Attachment B, IV (Tab 9)** for the floor plan schematics.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

RESPONSE: Not applicable. The project does not involve a Home Health Agency or Hospice.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

RESPONSE: Included below are the Criteria and Standards required for the Construction, Renovation, Expansion, and Replacement of Health Care Institutions and Psychiatric Inpatient Services.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

RESPONSE: Acknowledged. Please see the Criteria and Standards required for Psychiatric Inpatient Services discussed in the section above.

2. For relocation or replacement of an existing licensed health care institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

RESPONSE: Not applicable.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

RESPONSE: Not applicable.

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

RESPONSE: As demonstrated in the need section of this application, RPH's project will serve an unmet need for geriatric psych services.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

RESPONSE: As demonstrated in the need section of this application, RPH's project will serve an unmet need for geriatric psych services.

PSYCHIATRIC INPATIENT SERVICES

A. Need

1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).

RESPONSE: The state need projections for psychiatric inpatient services of 30 beds per 100,000 *general* population do not adequately reflect the need for geriatric psychiatric services in the proposed service area. As with general acute care beds, elderly patients utilize inpatient psychiatric services at a much higher rate than the general population. At the April 2014 HSDA CON meeting, representatives from both the Tennessee Department of Mental Health (Sandra Braber-Grove, Division of General Counsel) and the Division of Health Planning (Jeff Ockerman, Director-Division of Health Planning) both acknowledged that the current psychiatric bed need guidelines (30 beds/100,000 population) are inadequate.

As such, age-adjusted bed need projections show a much greater need for additional geriatric psychiatric beds in the service area. Additionally, when running the bed need projections for the six-county service area for 2012, the applicant found potential errors in the population by age cohort data reported by the UT Center for Business and Economic Research Pop Projections. Due to these questions, the applicant has developed an alternative, age-adjusted methodology to project the need for geriatric inpatient beds in the six-county service area and using Nielsen Claritas population data.

To project need, a statewide age-adjusted use rate was determined, using actual geriatric psych patient volumes from the 2012 TN Joint Annual Reports, the most recent complete year of data. This amounted to a use rate of 15,007 geriatric psych patient days per 100,000 population statewide. This is the equivalent of a need for 41.1 geriatric psych beds per 100,000 population statewide at full occupancy. Assuming a 70% desired occupancy rate, this equates to a need for 58.7 geriatric psych beds per 100,000 population (41.1 /

0.70). Next, this use rate was applied to the six-county service area geriatric population for Year 2 of the proposed project (2016). To correct for apparent data inaccuracies, the applicant relied on Nielsen Claritas population data for these projections. This results in a gross need for 18.5 geriatric psych beds by 2016 at 70% desired occupancy. Existing service area beds were then taken into account to arrive at a net bed need. This results in a deficit of 8.5 geriatric psych beds in the six-county service area by Year 2 of the proposed project. In this application, the applicant requests the conversion of 10 existing medical-surgical beds to geriatric psych beds to meet this need ($8.5 + 1$ seclusion bed = $9.5 = 10$ bed program). Please see the detailed analysis below.

**RPH Six-county Service Area
Age-Adjusted Geriatric Psych Bed Need Analysis**

	2012
Tennessee patients days, age 65+	136,433
Nielsen Claritas TN population, age 65+	909,137
Patient days/100k pop (65+)	15,007
ADC	41.1 /100,000 65+
Beds @ 70% occupancy	58.7 /100,000 65+
Year 2	2016
6-County Service Area	31,462 65+ Pop
Beds @ 70% occupancy	58.7 /100,000 65+
Gross Need	18.5 beds
Existing inventory	10.0 beds
Net Need	8.5 beds

2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.

RESPONSE: Not applicable. This project proposes the development of geriatric psychiatric beds.

3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.

RESPONSE: Not applicable. This project proposes the development of geriatric psychiatric beds.

4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

RESPONSE: Noted above. Both existing and approved beds were used in the calculations for adult geriatric psychiatric beds, resulting in an unmet net need for 8.5 additional beds by 2016. RPH's proposed 10 bed geriatric psychiatric program will meet this service area need ($8.5 + 1$ seclusion bed = $9.5 = 10$ beds).

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

RESPONSE: Based on historical patient origin data, RPH's service area for this project is comprised of 6 counties. These include Warren County as the primary service area, with the five other counties comprising the secondary service area. These include Dekalb, White, Van Buren, Grundy, and Coffee Counties. This service area represents over 96% of RPH's inpatient discharges in 2012.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

RESPONSE: The anticipated growth in the 65 and older population within the service area is very strong, nearly eight times that of the total growth. Between 2014 and 2019, the elderly population is expected to increase 14.5%, or by 4,026 residents. For Tennessee, the total five-year growth within this age cohort is projected to be 19.3%, for the United States, 18.0%. Because the elderly are the target users of geriatric psych services, such an explosive growth rate foretells the need for RPH to anticipate increasing demand for these services.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

RESPONSE: This project is consistent with all "Five Principles for Achieving Better Health" as listed in the 2012 Tennessee State Health Plan.

This project will improve the health of Tennesseans by expanding highly specialized geriatric psychiatric services to the segment of the population projected to experience the greatest growth through 2030.

The initiation of ten beds will provide reasonable access to health care by reducing the number of geriatric patients who would normally be forced to travel outside the area for care.

This project will help address the needs of Tennesseans ... and the continued development of the state's health care system by focusing on the geriatric subset of the adult psychiatric population which also has the greatest utilization of all inpatient services.

This project will assure every citizen that the quality of health care is continually monitored and standards are adhered to by maintaining full licensure and accreditation.

This project support(s) the development, recruitment, and retention of a sufficient and quality health care workforce by utilizing the services of existing

staff.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

RESPONSE: As demonstrated in the need section of this application, RPH's project will serve an unmet need for geriatric psych services.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

RESPONSE: Due to the need for services demonstrated in the area, the initiation of geriatric psych services at River Park Hospital is not expected to have a significant impact on their sister-facility, Highlands Medical Center.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

RESPONSE: RPH will accept all patients requiring inpatient psychiatric care, whether the admission is voluntary or involuntary. While the proposed project is designed for acute psychiatric care, the hospital does anticipate admitting some patients needing longer term care. The hospital will admit these patients, and when stabilized, will assist in placing these patients into a clinically appropriate long-term care setting.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

RESPONSE: RPH currently accepts Medicare and TennCare patients, and will continue to do so upon completion of the proposed project.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization of similar services should be considered.

RESPONSE: As detailed in the need methodology above, there is a clear need in the service area for the beds proposed in this application.

2. Accessibility to specific special need groups should be an important factor.

RESPONSE: The RPH geriatric psych program will serve patients who are often viewed as underserved by psychiatric providers, including:

- violent patients if capacity is available and the patient is otherwise a candidate for treatment
- patients with a financial class of TennCare or who are otherwise medically indigent
- patients who are geriatric and have special additional needs

- patients with complex medical co-morbidities such as dialysis, IV fluids, total parenteral nutrition, detoxification and urinary tract infections.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

RESPONSE: RPH will remain compliant with all Tennessee Department of Mental Health licensure requirements.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

RESPONSE: This project is consistent with the following general, long-range development guidelines of RPH:

- improve the health status of the service area population
- provide services that are needed by the community
- maintain quality healthcare services
- provide healthcare services cost-effectively.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

RESPONSE: Based on historical patient origin data, RPH's service area for this project is comprised of 6 counties. These include Warren County as the primary service area, with the remaining five counties comprising the secondary service area. These include Dekalb, White, Van Buren, Grundy, and Coffee Counties. This service area represents over 96% of RPH's inpatient discharges in 2012. Please see **Attachment B, III.(B).1 (Tab 8)** for a map depicting the service area.

4. A. Describe the demographics of the population to be served by this proposal.

RESPONSE: Between 2014 and 2019, the population of the service area is projected to increase by 1.9%, or by 3,035 residents. This represents an annual growth rate of 0.4% and is lower than the projected growth rate of the state as a whole within that same five-year period, which is 0.7% annually or 3.8% total growth. Please see **EXHIBIT 2**, which illustrates the projected changes in population of the service area between 2014 and 2019 and denotes population growth within the state of Tennessee, and the United States.

EXHIBIT 2
TOTAL POPULATION PROJECTIONS

	Total Population				
	2014	2019	Abs Chg	Ann % Chg	Abs % Chg
Primary Service Area					
Warren County	39,764	40,059	295	0.1%	0.7%
Subtotal PSA	39,764	40,059	295	0.1%	0.7%
Secondary Service Area					
Coffee County	53,526	54,843	1,317	0.5%	2.5%
DeKalb County	19,023	19,528	505	0.5%	2.7%
Grundy County	13,626	13,700	74	0.1%	0.5%
Van Buren County	5,740	6,031	291	1.0%	5.1%
White County	26,168	26,721	553	0.4%	2.1%
Subtotal SSA	118,083	120,823	2,740	0.5%	2.3%
Total Service Area	157,847	160,882	3,035	0.4%	1.9%
Tennessee	6,531,577	6,778,877	247,300	0.7%	3.8%
United States	317,199,353	328,309,464	11,110,111	0.7%	3.5%

SOURCE: NIELSEN, INC.

The anticipated growth in the 65 and older population within the service area is much greater, nearly eight times that of the total growth. Between 2014 and 2019, the elderly population is expected to increase 14.5%, or by 4,026 residents. For Tennessee, the total five-year growth within this age cohort is projected to be 19.3%, for the United States, 18.0%. Because the elderly are the target users of geriatric psych services, such an explosive growth rate foretells the need for RPH to anticipate increasing demand for these services. Please see EXHIBIT 3.

EXHIBIT 3
65 AND OLDER POPULATION PROJECTIONS

	65+ Population				
	2014	2019	Abs Chg	Ann % Chg	Abs % Chg
Primary Service Area					
Warren County	6,524	7,406	882	2.6%	13.5%
Subtotal PSA	6,524	7,406	882	2.6%	13.5%
Secondary Service Area					
Coffee County	9,118	10,396	1,278	2.7%	14.0%
DeKalb County	3,288	3,853	565	3.2%	17.2%
Grundy County	2,636	2,979	343	2.5%	13.0%
Van Buren County	1,101	1,326	225	3.8%	20.4%
White County	5,030	5,763	733	2.8%	14.6%
Subtotal SSA	21,173	24,317	3,144	2.8%	14.8%
Total Service Area	27,697	31,723	4,026	2.8%	14.5%
Tennessee	968,443	1,155,791	187,348	3.6%	19.3%
United States	45,157,410	53,278,626	8,121,216	3.4%	18.0%

SOURCE: NIELSEN, INC.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: RPH has a history of providing high quality healthcare that is accessible to all segments of the community. It provides services without regard to gender, race, socio-economic status, or ability to pay, and participates in the Medicare and TennCare programs.

In 2014, the 65 and older population accounted for 17.6% of the total population in the service area. As a major demographic subgroup of RPH's patient base, the elderly will continue to expect of RPH the same level of service while becoming an increasingly larger segment of the total service area population, with 2019 projections placing the 65 and older population at 19.7% of the total service area population.

The female population will represent 50.9% of the total population in the service area by 2019. As shown in **EXHIBIT 4**, the female population is expected to grow at the same annual rate as both sexes in service area, 0.4% per year.

EXHIBIT 4
FEMALE POPULATION PROJECTIONS

	Female Population				
	2014	2019	Abs Chg	Ann % Chg	Abs % Chg
Primary Service Area					
Warren County	20,108	20,243	135	0.1%	0.7%
Subtotal PSA	20,108	20,243	135	0.1%	0.7%
Secondary Service Area					
Coffee County	27,516	28,172	656	0.5%	2.4%
DeKalb County	9,590	9,841	251	0.5%	2.6%
Grundy County	6,892	6,921	29	0.1%	0.4%
Van Buren County	2,886	3,033	147	1.0%	5.1%
White County	13,351	13,623	272	0.4%	2.0%
Subtotal SSA	60,235	61,590	1,355	0.4%	2.2%
Total Service Area	80,343	81,833	1,490	0.4%	1.9%
Tennessee	3,345,908	3,468,589	122,681	0.7%	3.7%
United States	161,080,583	166,596,352	5,515,769	0.7%	3.4%

SOURCE: NIELSEN, INC.

EXHIBITS 5-7 illustrate the racial composition of the RPH service area. By 2019, the white population will comprise 89.6% of the total population of the service area, while the black population will account for 4.2% and other races, 6.1%.

EXHIBIT 5
WHITE POPULATION PROJECTIONS

	White Population				
	2014	2019	Abs Chg	Ann % Chg	Abs % Chg
Primary Service Area					
Warren County	35,046	34,586	-460	-0.3%	-1.3%
Subtotal PSA	35,046	34,586	-460	-0.3%	-1.3%
Secondary Service Area					
Coffee County	48,609	48,955	346	0.1%	0.7%
DeKalb County	17,266	17,227	-39	0.0%	-0.2%
Grundy County	13,175	13,051	-124	-0.2%	-0.9%
Van Buren County	5,582	5,800	218	0.8%	3.9%
White County	24,627	24,569	-58	0.0%	-0.2%
Subtotal SSA	109,259	109,602	343	0.1%	0.3%
Total Service Area	144,305	144,188	-117	0.0%	-0.1%
Tennessee	5,008,888	5,123,236	114,348	0.5%	2.3%
United States	226,254,684	229,546,283	3,291,599	0.3%	1.5%

SOURCE: NIELSEN, INC.

EXHIBIT 6
BLACK POPULATION PROJECTIONS

	Black Population				
	2014	2019	Abs Chg	Ann % Chg	Abs % Chg
Primary Service Area					
Warren County	1,401	1,760	359	4.7%	25.6%
Subtotal PSA	1,401	1,760	359	4.7%	25.6%
Secondary Service Area					
Coffee County	2,346	3,052	706	5.4%	30.1%
DeKalb County	409	633	224	9.1%	54.8%
Grundy County	135	268			
Van Buren County	69	135	66	14.4%	95.7%
White County	673	970	297	7.6%	44.1%
Subtotal SSA	3,632	5,058	1,426	6.8%	39.3%
Total Service Area	5,033	6,818	1,785	6.3%	35.5%
Tennessee	1,102,940	1,163,366	60,426	1.1%	5.5%
United States	40,263,108	42,033,755	1,770,647	0.9%	4.4%

SOURCE: NIELSEN, INC.

EXHIBIT 7
"OTHER" POPULATION PROJECTIONS

	"Other" Population				
	2014	2019	Abs Chg	Ann % Chg	Abs % Chg
Primary Service Area					
Warren County	3,317	3,713	396	2.3%	11.9%
Subtotal PSA	3,317	3,713	396	2.3%	11.9%
Secondary Service Area					
Coffee County	2,571	2,836	265	2.0%	10.3%
DeKalb County	1,348	1,668	320	4.4%	23.7%
Grundy County	316	381	65	3.8%	20.6%
Van Buren County	89	96	7	1.5%	7.9%
White County	868	1,182	314	6.4%	36.2%
Subtotal SSA	5,192	6,163	971	3.5%	18.7%
Total Service Area	8,509	9,876	1,367	3.0%	16.1%
Tennessee	419,749	492,275	72,526	3.2%	17.3%
United States	50,681,561	56,729,426	6,047,865	2.3%	11.9%

SOURCE: NIELSEN, INC.

The service area counties as a whole have a Median Household Income far lower than that of the state of Tennessee, and the United States. Additionally, five year projections for median household income in the service area show a large decrease, whereas Tennessee shows a slight decrease, and the United States an overall gain. Please see EXHIBIT 8.

EXHIBIT 8
SERVICE AREA MEDIAN HOUSEHOLD INCOME

	Median Household Income				
	2014	2019	Abs Chg	Ann % Chg	Abs % Chg
Primary Service Area					
Warren County	\$34,464	\$29,898	-4,566	-2.8%	-13.2%
Subtotal PSA	\$34,464	\$29,898	-4,566	-2.8%	-13.2%
Secondary Service Area					
Coffee County	\$35,672	\$29,489	-6,183	-3.7%	-17.3%
DeKalb County	\$38,336	\$29,453	-8,883	-5.1%	-23.2%
Grundy County	\$27,310	\$22,217			
Van Buren County	\$32,091	\$26,856	-5,235	-3.5%	-16.3%
White County	\$34,819	\$30,030	-4,789	-2.9%	-13.8%
Subtotal SSA	\$33,646	\$27,609	-6,037	-3.9%	-17.9%
Total Service Area	\$33,782	\$27,991	-5,792	-3.7%	-17.1%
Tennessee	\$43,390	\$43,130	-260	-0.1%	-0.6%
United States	\$51,579	\$53,666	2,087	0.8%	4.0%

SOURCE: NIELSEN, INC.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

RESPONSE: There is currently only one service area provider of geriatric psychiatry services, Highlands Medical Center.

Facility	Beds	Patient Days			ADC		
		2010	2011	2012	2010	2011	2012
Highlands Medical Center	10	245	267	3,059	0.7	0.7	8.4

Source: TN JARs

Highlands Medical Center is well utilized and had an average daily census of 8.4 patients (83.8% occupancy) in 2012. With this Certificate of Need application, River Park Hospital seeks to initiate geriatric psychiatry services to meet the needs of service area patients. As demonstrated in the need analysis earlier in this application, there is more than sufficient service area volume to support this proposed project.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: Please see **EXHIBIT 9** below for RPH's projected geriatric psychiatric patient days for Years 1 and 2:

EXHIBIT 9
PROJECTED PSYCHIATRIC PATIENT DAYS, 2015-2016

	Historical			Projected	
	2011	2012	2013	2015	2016
Patient Days	N/A	N/A	N/A	2,293	2,752

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
 - The cost of any lease (building, land and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. NOTE: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

RESPONSE: Please see **Attachment C, Economic Feasibility – 1 (Tab 10)** for a letter from the contractor supporting the construction costs.

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PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	<u>\$80,000</u>
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	<u>50,000</u>
3.	Acquisition of Site	<u> </u>
4.	Preparation of Site	<u>2,500</u>
5.	Construction Costs	<u>975,000</u>
6.	Contingency Fund	<u>48,750</u>
7.	Fixed Equipment (Not included in Construction Contract)	<u>15,000</u>
8.	Moveable Equipment (List all equipment over \$50,000)	<u>25,000</u>
9.	Other (Moving, logistics, etc)	<u> </u>

B. Acquisition by gift, donation, or lease:

1.	Facility (inclusive of building and land)	<u> </u>
2.	Building only	<u> </u>
3.	Land only	<u> </u>
4.	Equipment (Specify) _____	<u> </u>
5.	Other (Specify) _____	<u> </u>

C. Financing Costs and Fees:

1.	Interim Financing	<u> </u>
2.	Underwriting Costs	<u> </u>
3.	Reserve for One Year's Debt Service	<u> </u>
4.	Other (Specify) _____	<u> </u>

D. Estimated Project Cost (A+B+C) \$1,196,250

E. CON Filing Fee 3,000

F. Total Estimated Project Cost (D+E) 1,199,250

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed.
(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves (Tab 11) (\$1.1M from reserves, Balance from Operating Income)
- ☐ F. Other--Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE: The renovation cost for the proposed project averages \$192.46 per square foot but is not easily comparable to other Tennessee projects. This is due to the relatively small amount of space requiring renovation – only 5,066 square feet. Any minor differences in scope from one project to another (e.g., renovation or new construction) can result in significant average cost per square foot estimates when dealing with such small areas of space.

Exhibit 10, below, lists the average costs for recently approved CON projects statewide between 2011 and 2013. The construction costs per square foot for these projects have quite a large range of variability. Regardless, the expenditure requested by RPH's renovation project (\$192.46) falls within the mid-range of projects previously reviewed by the Health Services and Development Agency and are reasonable for the scope of work proposed.

EXHIBIT 10
HOSPITAL CONSTRUCTION COST PER SQUARE FOOT
2011 - 2013

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$107.15/sq ft	\$235.00/sq ft	\$151.56/sq ft
Median	\$179.00/sq ft	\$274.63/sq ft	\$227.88/sq ft
3rd Quartile	\$249.00/sq ft	\$324.00/sq ft	\$274.63/sq ft

Source: CON approved applications for years 2011 through 2013

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

RESPONSE: Please refer to the completed charts on pages 32 through 35.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

RESPONSE: Average gross patient charge per patient day based on Year 2 projections (2016), is \$2,994. The average deduction from gross patient charges, based on contractual allowances only and excluding allowances for charity care and bad debt, is \$2,158, resulting in an average net charge per patient day of \$836.

HISTORICAL DATA CHART

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in May.

	Year 2011	Year 2012	Year 2013
A. Utilization Data (Patient Days)	<u>13,695</u>	<u>11,625</u>	<u>11,395</u>
B. Revenue from Services to Patients			
1. Inpatient Services	<u>\$86,903,715</u>	<u>\$79,198,333</u>	<u>\$82,972,695</u>
2. Outpatient Services	<u>122,601,900</u>	<u>130,968,409</u>	<u>137,921,985</u>
3. Emergency Services	<u></u>	<u></u>	<u></u>
4. Other Operating Revenue (Specify)	<u>1,113,749</u>	<u>617,187</u>	<u>574,163</u>
Gross Operating Revenue	<u>\$210,619,364</u>	<u>\$210,783,929</u>	<u>\$221,468,843</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$159,469,902</u>	<u>\$160,219,829</u>	<u>\$170,277,516</u>
2. Provision for Charity Care	<u>445,533</u>	<u>865,289</u>	<u>994,575</u>
3. Provisions for Bad Debt	<u>6,116,451</u>	<u>7,857,386</u>	<u>7,928,009</u>
Total Deductions	<u>\$166,031,886</u>	<u>\$168,942,504</u>	<u>\$179,200,100</u>
NET OPERATING REVENUE	<u>\$44,587,478</u>	<u>\$41,841,425</u>	<u>\$42,268,743</u>
D. Operating Expenses			
1. Salaries and Wages	<u>\$14,807,689</u>	<u>\$14,489,413</u>	<u>\$14,879,419</u>
2. Physician's Salaries and Wages	<u>\$1,240,555</u>	<u>856,660</u>	<u>330,004</u>
3. Supplies	<u>13,088,089</u>	<u>12,771,481</u>	<u>13,174,728</u>
4. Taxes	<u>2,239,381</u>	<u>2,425,371</u>	<u>2,506,589</u>
5. Depreciation	<u>2,377,527</u>	<u>2,363,707</u>	<u>2,788,046</u>
6. Rent	<u>516,697</u>	<u>539,515</u>	<u>508,688</u>

7	Interest, other than Capital	<u>3,790,733</u>	<u>3,791,608</u>	<u>3,789,876</u>
8	Management Fees:			
a.	Fees to Affiliates	<u>919,548</u>	<u>1,026,331</u>	<u>427,007</u>
b.	Fees to Non-Affiliates	<u></u>	<u></u>	<u></u>
9	Other Expenses (Specify)			
	Employee Benefits	<u>3,679,733</u>	<u>4,174,297</u>	<u>3,991,881</u>
	Professional Fees	<u>1,283,194</u>	<u>2,273,538</u>	<u>2,820,501</u>
	Contracted Nursing Services	<u>217,044</u>	<u>88,576</u>	<u>258,938</u>
	Energy Expense	<u>1,170,786</u>	<u>1,184,897</u>	<u>1,221,083</u>
	Total Operating Expenses	<u>\$45,330,976</u>	<u>\$45,985,394</u>	<u>\$46,696,760</u>
E.	Other Revenue (Expenses) - Net (Specify)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	NET OPERATING INCOME (LOSS)	<u>(743,498)</u>	<u>(4,143,969)</u>	<u>(4,428,017)</u>
F.	Capital Expenditures			
1	Retirement of Principal	<u></u>	<u></u>	<u></u>
2	Interest	<u></u>	<u></u>	<u></u>
	Total Capital Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	NET OPERATING INCOME (LOSS)			
	LESS CAPITAL EXPENDITURES	<u>(\$743,498)</u>	<u>(\$4,143,969)</u>	<u>(\$4,428,017)</u>

PROJECTED DATA CHART

Give us information for the two (2) years following the completion of this proposal. The fiscal year begins in May. Data for proposed new service only.

	2015	2016
A. Utilization Data (Patient Days)	<u>2,293</u>	<u>2,752</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$6,478,290</u>	<u>\$8,240,385</u>
2. Outpatient Services	<u>0</u>	<u>0</u>
3. Emergency Services	<u>0</u>	<u>0</u>
4. Other Operating Revenue (Specify)	<u>0</u>	<u>0</u>
Gross Operating Revenue	<u>\$6,478,290</u>	<u>\$8,240,385</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$4,511,642</u>	<u>\$5,880,407</u>
2. Provision for Charity Care	<u>19,371</u>	<u>23,246</u>
3. Provisions for Bad Debt	<u>29,500</u>	<u>35,400</u>
Total Deductions	<u>\$4,560,513</u>	<u>\$5,939,053</u>
NET OPERATING REVENUE	<u>\$1,917,777</u>	<u>\$2,301,332</u>
D. Operating Expenses		
1. Salaries and Wages	<u>\$1,118,032</u>	<u>\$1,140,392</u>
2. Physician's Salaries and Wages	<u></u>	<u></u>
3. Supplies	<u>50,255</u>	<u>61,513</u>
4. Taxes	<u></u>	<u></u>
5. Depreciation	<u>65,000</u>	<u>65,000</u>
6. Rent	<u>6,000</u>	<u>6,000</u>

7.	Interest, other than Capital	<u> </u>	<u> </u>
8.	Management Fees:		
	a. Fees to Affiliates	<u> </u>	<u> </u>
	b. Fees to Non-Affiliates	<u> </u>	<u> </u>
9.	Other Expenses (Specify)		
	Professional Fees	<u>100,000</u>	<u>100,000</u>
	Purchased Services	<u>51,333</u>	<u>59,200</u>
	Utilities and Maintenance	<u>11,400</u>	<u>11,400</u>
	Insurance	<u>18,000</u>	<u>18,000</u>
	Other: Ancillary Expenses	<u>135,733</u>	<u>135,600</u>
	Total Operating Expenses	<u>\$1,555,753</u>	<u>\$1,597,105</u>
E.	Other Revenue (Expenses) -- Net (Specify)	<u> </u>	<u> </u>
	NET OPERATING INCOME (LOSS)	<u>\$362,024</u>	<u>\$704,227</u>
F.	Capital Expenditures		
1.	Retirement of Principal	<u>\$0</u>	<u>\$0</u>
2.	Interest	<u>0</u>	<u>0</u>
	Total Capital Expenditures	<u>\$0</u>	<u>\$0</u>
	NET OPERATING INCOME (LOSS)		
	LESS CAPITAL EXPENDITURES	<u>\$362,024</u>	<u>\$704,227</u>

PROJECTED DATA CHART

Give us information for the two (2) years following the completion of this proposal. The fiscal year begins in May. Data for proposed new service only.

		2015	2016
A.	Utilization Data (Patient Days)	13,688	14,375
B.	Revenue from Services to Patients		
1.	Inpatient Services	\$94,423,645	\$101,462,461
2.	Outpatient Services	149,275,445	158,231,971
3.	Emergency Services	0	0
4.	Other Operating Revenue (Specify)	153,234	157,065
	Gross Operating Revenue	\$243,852,324	\$259,851,497
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	\$191,144,428	\$204,302,247
2.	Provision for Charity Care	437,091	476,978
3.	Provisions for Bad Debt	8,259,554	8,609,418
	Total Deductions	\$199,841,073	\$213,388,643
	NET OPERATING REVENUE	\$44,011,251	\$46,462,854
D.	Operating Expenses		
1.	Salaries and Wages	\$18,062,234	\$19,677,807
2.	Physician's Salaries and Wages	945,000	945,000
3.	Supplies	6,252,711	6,501,806
4.	Taxes		
5.	Depreciation	2,994,786	2,701,807
6.	Rent	518,839	524,839
7.	Interest, other than Capital	3,390,976	3,323,156
8.	Management Fees:		
a.	Fees to Affiliates	617,914	636,451
b.	Fees to Non-Affiliates	0	0
9.	Other Expenses (Specify)		
	Professional Fees	2,906,844	3,006,844
	Purchased Services	4,398,197	4,493,512
	Utilities and Maintenance	2,287,371	2,321,306
	Insurance	573,091	524,839
	Other: Ancillary Expenses	2,671,337	2,827,858
	Total Operating Expenses	\$45,619,300	\$47,485,226
E.	Other Revenue (Expenses) -- Net (Specify)		
	NET OPERATING INCOME (LOSS)	(\$1,608,049)	(\$1,022,372)
F.	Capital Expenditures		
1.	Retirement of Principal	\$0	\$0
2.	Interest	0	0
	Total Capital Expenditures	\$0	\$0
	NET OPERATING INCOME (LOSS)	(\$1,608,049)	(\$1,022,372)
	LESS CAPITAL EXPENDITURES	(\$1,608,049)	(\$1,022,372)

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

RESPONSE: As a new service, RPH does not have historical geriatric psych charge data. **Exhibit 11.A**, below, represents projected charges for Year 1 and 2 following project completion.

**EXHIBIT 11.A
RPH GERI PSYCH PROJECTED CHARGES**

	Historical			Projected	
	2012	2013	2014	2015	2016
Avg Gross Charge per Patient Day	N/A	N/A	N/A	\$2,825	\$2,994

Source: RPH Projections

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: RPH's projected charges are very competitive when compared to the only other provider of geriatric psych services in the service area.

**EXHIBIT 11.B
AVERAGE GROSS CHARGE PER PATIENT DAY COMPARISON – EXISTING AREA PROVIDERS**

Hospital	2013
Highlands Medical Center	\$2,800

Source: Joint Annual Report of Hospitals

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

RESPONSE: As indicated in the Projected Data Chart, projected utilization will be sufficient to allow RPH to operate efficiently and effectively.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

RESPONSE: As indicated in the Projected Data Chart, projected cash flow will ensure financial viability within two years and over the long-term. The projected positive cash flows generated by the geriatric psychiatric program will also be beneficial to the hospital's overall financial health.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

RESPONSE: RPH currently participates in both the Medicare and TennCare/Medicaid programs and has a history of providing care regardless of payor source. Using 2013 JAR data, RPH had a payor mix (based on gross charges) that was 49.3% Medicare and 22.7% TennCare. Additionally,

RPH provided \$994,575 in care to charity/medically indigent patients (accounting for 2.0% of net patient charges of \$49,326,905). During the first year of operation of the proposed project, the RPH payor mix is anticipated to remain at historical levels.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

RESPONSE: Please see **Attachment C, Economic Feasibility – 10 (Tabs 12 & 13).**

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

RESPONSE: RPH considered three options when evaluating this project.

- First, maintaining the status quo will not address the need for geriatric psychiatric services in the service area.
- Second, expanding outside the RPH campus is not financially feasible. Not only would initial facility costs vastly exceed the proposed renovation costs, but on-going operating expenses would be higher if two locations were offered rather than just one program at a single location
- Third, renovation of existing space was deemed to be the most appropriate use of facility, financial and staff resources. Affected areas will include 6 former patient rooms located on the third floor which are currently held for overflow patients. This project proposes to renovate these rooms for reuse as patient rooms. Only minor renovations are required to modify the space for geriatric psychiatric use. Furthermore, existing staff and management can be effectively and efficiently leveraged through the 10 bed conversion.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

RESPONSE: Not applicable. This project does not involve new construction, only renovated space in the existing hospital.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

RESPONSE:Managed Care Contracts

- BCBS ACCESS TN
- AETNA HMO
- AETNA PPO
- AETNA LIMITED BENEFIT PLN
- AETNA National Advantage Program
- TNCARE AMERIGROUP
- BEECH STREET
- BEECHSTREET PPO LIMITED
- BCBS TN NETWORK P CAPELLA
- BLUE CROSS NETWORK PREFERRED
- BLUE CROSS TN NETWORK SELECT
- BLUE CROSS FEDERAL EMPLOYEE PLAN
- TNCARE BLUECARE
- TNCARE SELECT
- BLUE CROSS OUT OF ST 2
- BUYERS HEALTHCARE
- BLUEGRASS SINGLESOURCE
- BENESIGHT
- CIGNA PPO
- CIGNA HMO
- CIGNA POS FLEXCARE
- CIGNA PPO LIMITED BENEFIT
- CIGNA STATE OF TN EMPL
- BCBS COVER TN
- COVENTRY HEALTHCARE
- FIRST HEALTH
- FIRST HTH LIMITED BENEFIT
- GOVT EMPLOYEES HLTH ASSN
- GREAT WEST HMO
- GREAT WEST POS
- GREAT WEST PPO
- HEALTHSPRING PLUS
- HEALTHSPRING MCARE PLUS
- HEALTHSPRING MCARE PPO
- LAZARUS HOUSE
- HUMANA CHOICECARE
- ODOMS TN PRIDE HLTH COST
- LIFEPOINT HOSPITALS
- MAILHANDLERS
- MULTIPLAN
- MULTIPLAN CINERGY HEALTH
- MULTIPLAN LIMITED BENEFIT

- NOVANET PPO
 - PRIME HEALTH SERVICES
 - WORK COMP PRIME HEALTH
 - PHCS
 - PHCS LIMITED PLAN
 - PRO AMERICA BEN LOMAND TE
 - PLUMBERS PIPE LOCAL 572
 - SIGNATURE HEALTH
 - HEALTHSPRING TICUA
 - THREE RIVERS NTWK TRPN
 - UNITED HEALTHCARE HMO
 - UNITED HEALTHCARE PPO
 - UHC GOLDEN RULE
 - UHC PACIFICARE HLTH SYS
 - UNITED HEALTHCARE NISSAN
 - UHC AMERICAN MED SEC
 - UHC MIDATLANTIC MEDICAL
 - UHC OXFORD HEALTH PLANS
 - UHC NEIGHBORHOOD HLTH
 - UNITED HC RED KAPP
 - UHC DEFINITY HEALTH
 - UNITED MEDICAL RESOURCES
 - UHC OF THE RIVER VALLEY
 - UHC STATE OF TN EMPLOYEE
 - TC UHC COMMUNITY PLN RET
 - TC UHC COMMUNITY PLAN
 - USA MANAGED CARE
 - BLUE CROSS SC CAPELLA EMP
 - PCIP PRE EXISTING COND
2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

RESPONSE: The state need projections for psychiatric inpatient services of 30 beds per 100,000 general population do not adequately reflect the need for geriatric psychiatric services in the proposed service area. As with general acute care beds, elderly patients utilize inpatient psychiatric services at a much higher rate than the general population. At the April 2014 HSDA CON meeting, representatives from both the Tennessee Department of Mental Health (Sandra Braber-Grove, Division of General Counsel) and the Division of Health Planning (Jeff Ockerman, Director-Division of Health Planning) both acknowledged that the current psychiatric bed need guidelines (30 beds/100,000 population) are inadequate.

As such, age-adjusted bed need projections show a much greater need for additional geriatric psychiatric beds in the service area. Additionally, when running the bed need projections for the six-county service area for 2012, the applicant found potential errors in the population by age cohort data reported by the UT Center for Business and Economic Research Pop Projections. Due to these questions, the applicant has developed an alternative, age-adjusted methodology to project the need for geriatric inpatient beds in the six-county service area and using Nielsen Claritas population data.

To project need, a statewide age-adjusted use rate was determined, using actual geriatric psych patient volumes from the 2012 TN Joint Annual Reports, the most recent complete year of data. This amounted to a use rate of 15,007 geriatric psych patient days per 100,000 population statewide. This is the equivalent of a need for 41.1 geriatric psych beds per 100,000 population statewide at full occupancy. Assuming a 70% desired occupancy rate, this equates to a need for 58.7 geriatric psych beds per 100,000 population ($41.1 / 0.70$). Next, this use rate was applied to the six-county service area geriatric population for Year 2 of the proposed project (2016). To correct for apparent data inaccuracies, the applicant relied on Nielsen Claritas population data for these projections. This results in a gross need for 18.5 geriatric psych beds by 2016 at 70% desired occupancy. Existing service area beds were then taken into account to arrive at a net bed need. This results in a deficit of 8.5 geriatric psych beds in the six-county service area by Year 2 of the proposed project. In this application, the applicant requests the conversion of 10 existing medical-surgical beds to geriatric psych beds to meet this need ($8.5 + 1$ seclusion bed = $9.5 = 10$ bed program).

Through the use of this bed need methodology, RPH has established that a need exists in the planning area for additional geriatric psychiatric beds. Since service area need has been established, this project will have a positive effect on the health care system.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: This project will require a 6.3 FTE increase in registered nurses at the hospital. By shifting manpower within the Capella system, RPH can fill these FTE requirements internally using existing staffing. However, if outside staffing becomes necessary in the future, in addition to its existing educational affiliations, RPH will utilize a number of channels to secure needed staff including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in professional publications, and recruiting firms. RPH has a history of successfully recruiting professional and administrative staff because it provides competitive benefits, compensation, and is committed to the retention of existing personnel.

EXHIBIT 12 illustrates proposed staffing levels of the proposed project. Across all positions, staffing is projected to be 20.0 FTEs in the second year of operation. EXHIBIT 13 profiles comparable positions and salaries for the North Central Tennessee nonmetropolitan area (NCTNA), which contains the proposed service area counties. RPH's salaries and wages are competitive with the market. Proposed annual salaries for registered nurses with 5-7 years of experience are \$55,120, or within 1% of the NCTNA median.

EXHIBIT 12
PROPOSED STAFFING LEVELS
(FULL TIME EQUIVALENTS)

Position	Proposed
RN	6.3
Nursing Assistant	4.2
LPN	2.1
AT/RT	1.4
Director of Geri-Psych	1.0
Nurse Manager	1.0
Community Education Manager	1.0
Social Worker	1.0
Program/Unit Secretary	1.0
ER Assessment RN	1.0

EXHIBIT 13
NORTH CENTRAL TENNESSEE NONMETROPOLITAN AREA

Occupational Title	North Central Tennessee nonmetropolitan area, May 2013	
	Mean	Median
Registered Nurses	\$55,869	\$55,640

Source: Annual Salary BLS Occupational Employment Statistics Survey Data

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

RESPONSE: This project has only a minimal need for additional staffing. A number of channels are utilized, including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in professional publications, and recruiting firms. RPH has a history of successfully recruiting professional and administrative staff. It provides competitive benefits, compensation, and is committed to the retention of existing personnel.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

RESPONSE: RPH has reviewed and understands the licensure and certification requirements for medical and clinical staff. As an existing licensed and Joint Commission-accredited facility, RPH has administrative policies and procedures in place to ensure that licensure and certification requirements are followed. Furthermore, RPH maintains quality standards that are focused on continual improvement. Please see **Attachment C, Contribution to the Orderly Development of Health Care – 5** for copies of its Quality and Patient Safety Improvement Plan (Tab 14), and Utilization Review Plan (Tab 15) and Patient Bill of Rights (Tab 16).

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: RPH is open to participation with any area teaching and training programs requesting assistance.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

RESPONSE: As an existing hospital, RPH is licensed by the Tennessee Department of Health. RPH has reviewed and understands the licensure requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Board of Licensing Health Care Facilities, State of Tennessee, Department of Health.

Accreditation: RPH is accredited by The Joint Commission (on Accreditation of Healthcare Organizations). Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 17)** for the most recent report.

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

RESPONSE: Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(c) (Tab 18)**. The current license is valid until April 8, 2015.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

RESPONSE: The hospital is in compliance with all applicable licensure requirements. Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 17)** for RPH's most recent accreditation report completed by The Joint Commission (on Accreditation of Healthcare Organizations).

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

RESPONSE: There have been no final orders or judgments placed against RPH or any entity or person with more than 5 percent ownership.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

RESPONSE: There have been no civil or criminal judgments against RPH or any entity or person with more than 5% ownership.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required.

RESPONSE: Yes, RPH will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required. Additionally, RPH submits a Joint Annual Report (JAR) to the Department of Health and will continue to do so.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Please see Attachment D – Proof of Publication (Tabs 19-20).

DEVELOPMENT SCHEDULE

Tennessee Code Annotated §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

RESPONSE: The project completion schedule below reflects the anticipated schedule for the geriatric psychiatric bed conversion project.

Form HF0004
Revised 02/01/06
Previous Forms are obsolete

PROJECT FORECAST COMPLETION CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): Oct 22, 2014

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. Architectural and engineering contract signed	0	Oct-14
2. Construction documents approved by the Tennessee Department of Health	30	Nov-14
3. Construction contract signed	30	Nov-14
4. Building permit secured	45	Dec-14
5. Site preparation completed	N/A	
6. Building construction commenced	60	Dec-14
7. Construction 40% complete	120	Feb-15
8. Construction 80% complete	150	Mar-15
9. Construction 100% complete (approved for occupancy)	180	Apr-15
10. *Issuance of license	180	Apr-15
11. *Initiation of service	180	Apr-15
12. Final Architectural Certification of Payment	210	May-15
13. Final Project Report Form (HF0055)	240	Jun-15

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVITSTATE OF TennesseeCOUNTY OF Warren

Joseph Mazzo being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Joseph Mazzo COO
SIGNATURE/TITLE

Sworn to and subscribed before me this 3rd day of July, 2014 a Notary
(Month) (Year)

Public in and for the County/State of Warren County, Tennessee



Susan D. Ford
NOTARY PUBLIC

My commission expires March 8, 2015
(Month/Day) (Year)

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- Tab 1 - Corporate Charter
- Tab 2 - Organizational Chart
- Tab 3 - Board Roster
- Tab 4 - Certificate of Corporate Existence
- Tab 5 - Site Entitlement (Deed)
- Tab 6 - MCO/BHO Participation

Attachment B

- Tab 7 - Plot Plan
- Tab 8 - Map of Service Area/Access
- Tab 9 - Floor Plan Schematics

Attachment C

- Tab 10 - Construction Costs Verification Letter
- Tab 11 - Verification of Funding
- Tab 12 - Balance Sheet and Income Statement
- Tab 13 - Audited Financials
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- Tab 15 - Utilization Review Plan
- Tab 16 - Patient Bill of Rights
- Tab 17 - The Joint Commission Documentation
- Tab 18 - Hospital License

Attachment D

- Tab 19 - Copy of Published Public Notice
- Tab 20 - Letter of Intent

JUL 14 14 49:28

Attachment B

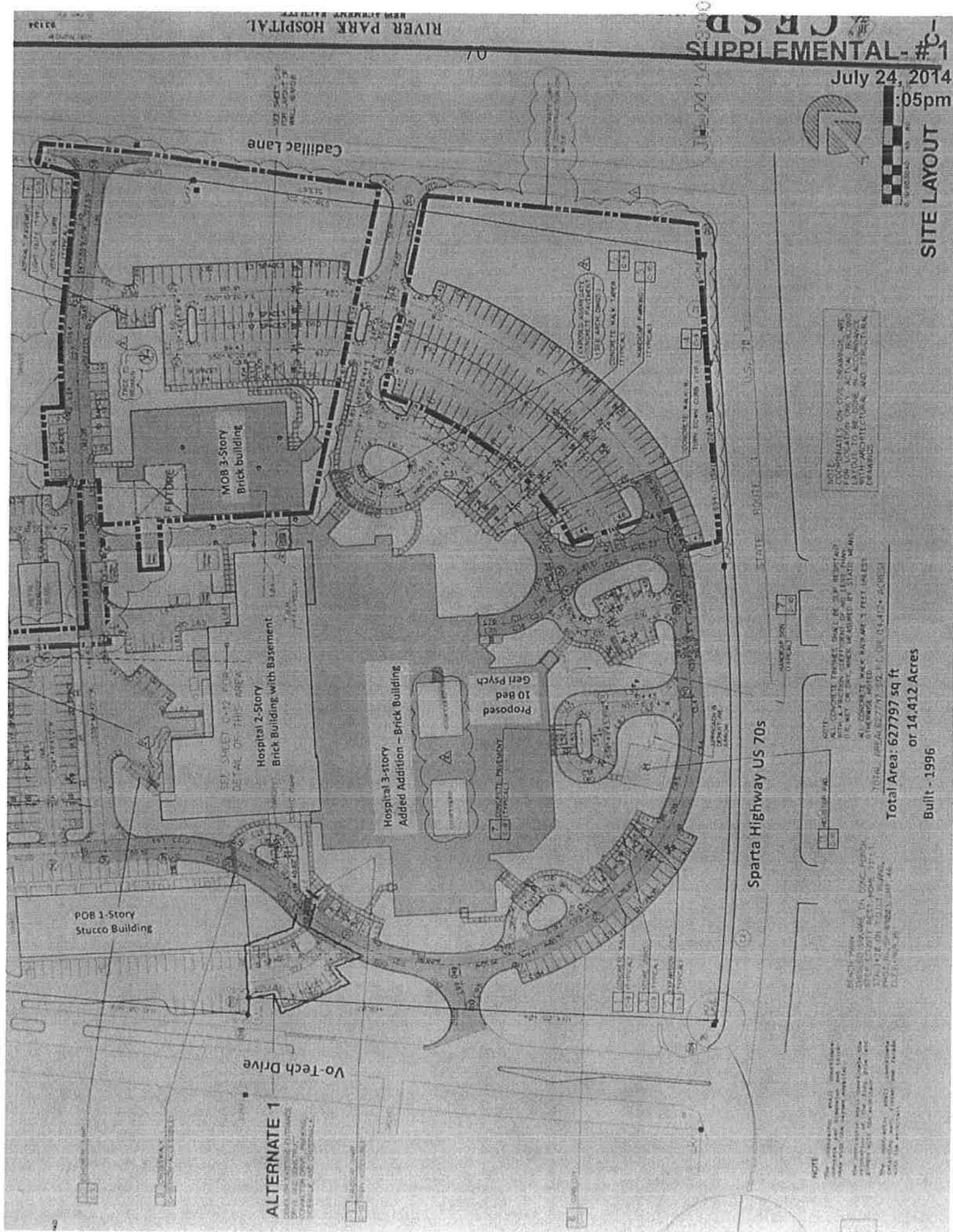
**Plot Plan
Map of Service Area/Access
Floor Plan Schematics**

Attachment B, III.(A)

Plot Plan

July 24, 2014
:05pm

SITE LAYOUT



NOTE: POSSIBLY, EXISTING DRAWINGS NOT FOR LOCATION OF THIS ACTUAL LAYOUT TO BE DONE IN ACCORDANCE WITH ARCHITECTURAL AND TRUSTED.

NOTE: ALL CONCRETE TRUNKS SHALL BE 24" REINFORCED. ALL CONCRETE TRUNKS SHALL BE 24" REINFORCED. ALL CONCRETE TRUNKS SHALL BE 24" REINFORCED. ALL CONCRETE TRUNKS SHALL BE 24" REINFORCED.

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NOTE: ALL CONCRETE TRUNKS SHALL BE 24" REINFORCED. ALL CONCRETE TRUNKS SHALL BE 24" REINFORCED. ALL CONCRETE TRUNKS SHALL BE 24" REINFORCED. ALL CONCRETE TRUNKS SHALL BE 24" REINFORCED.

Total Area: 627797 sq ft
or 14.412 Acres
Built - 1996

Brick Building with Basement

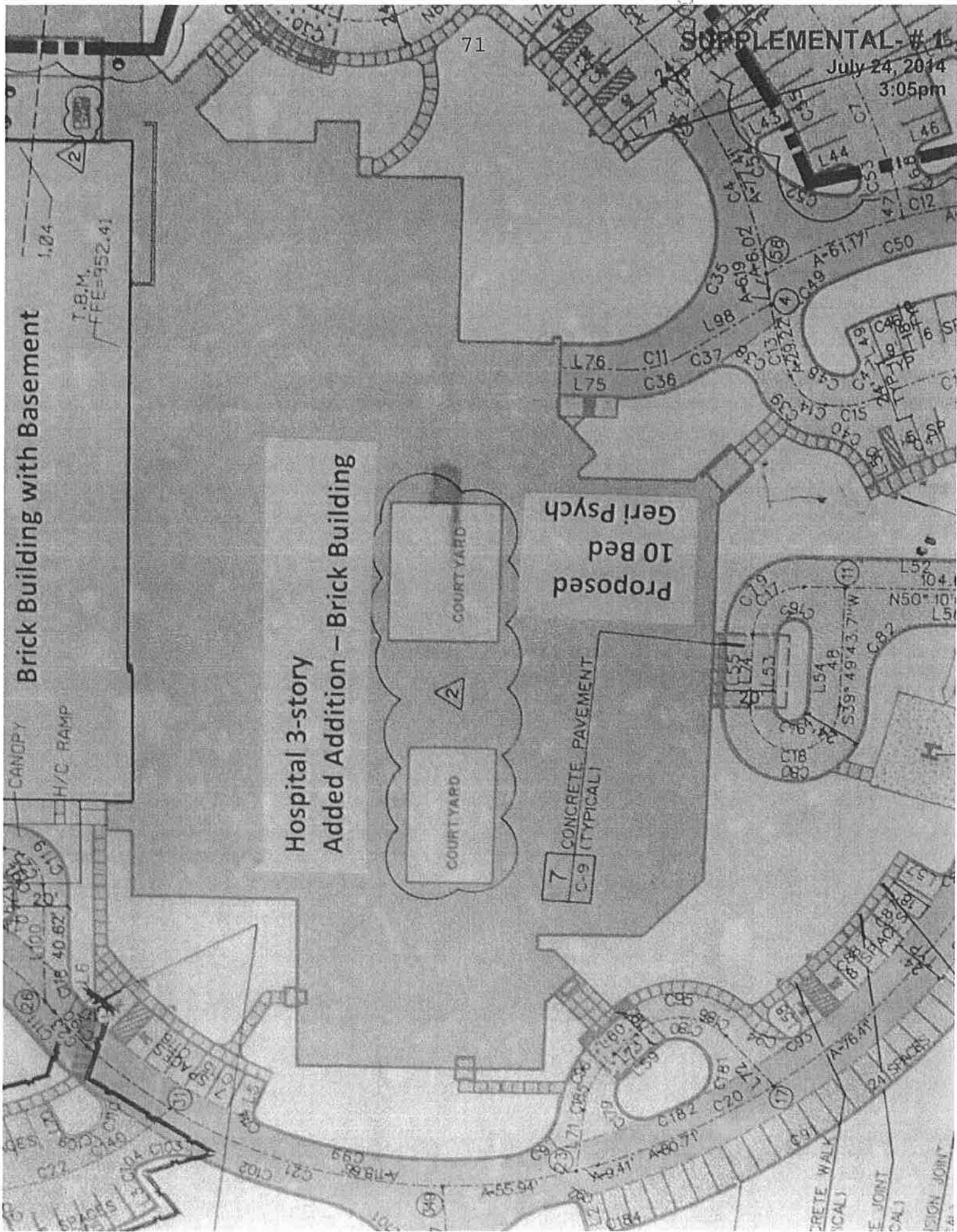
Hospital 3-story
Added Addition - Brick Building

Proposed
10 Bed
Geriatr Psych

COURTYARD

COURTYARD

7 CONCRETE PAVEMENT
C-9 (TYPICAL)

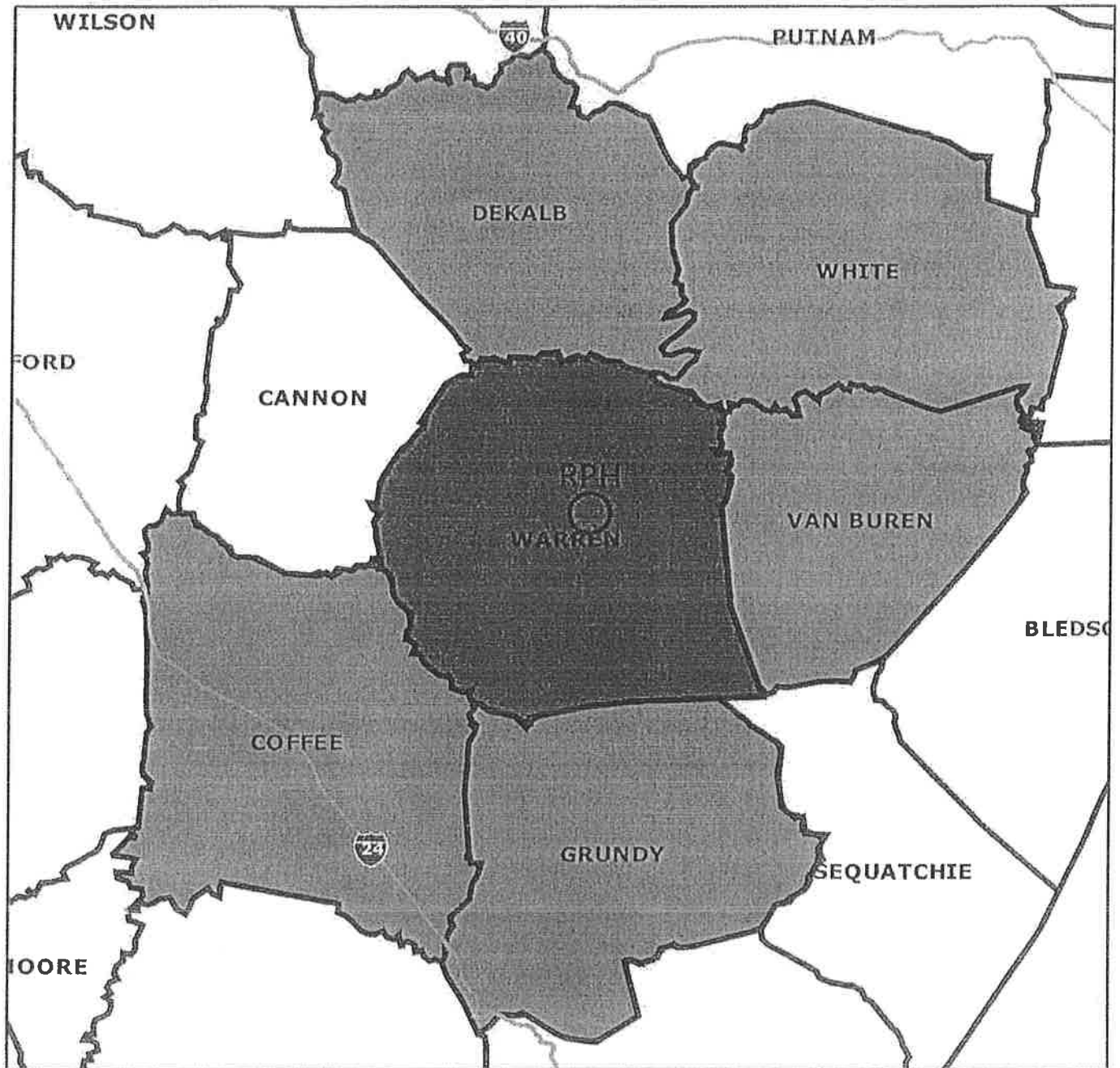


Tab 8

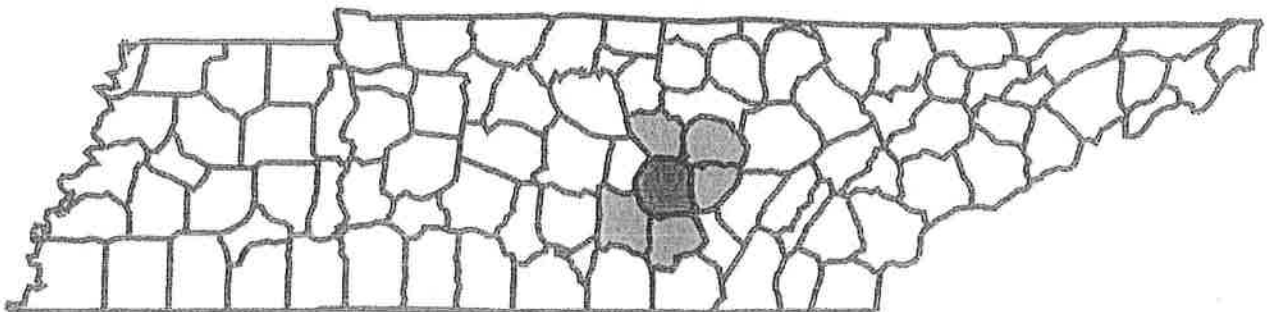
Attachment B, III.(B).1

Map of Service Area/Access

Service Area Map



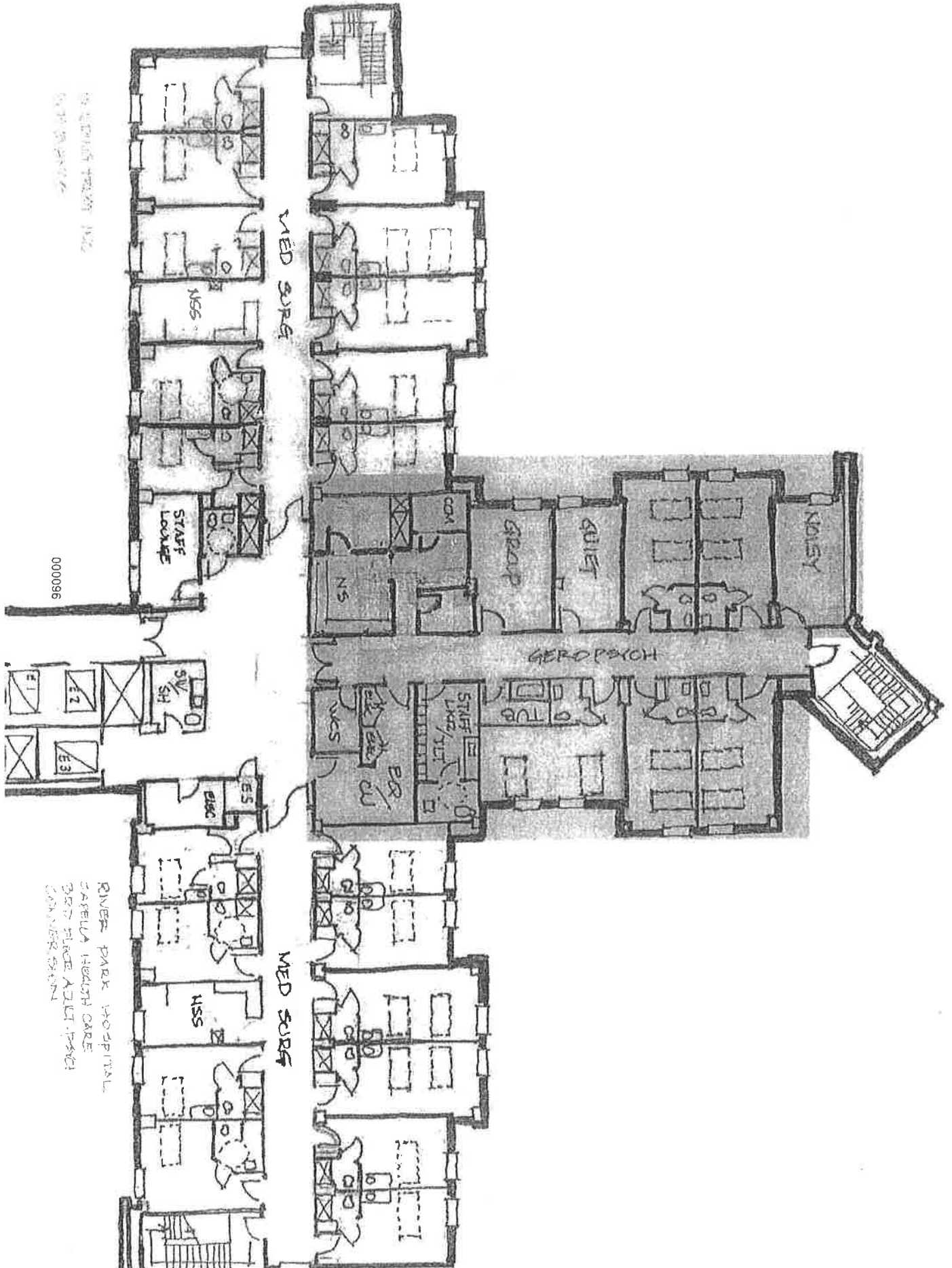
Primary SA Secondary SA



Tab 9

Attachment B, IV

Floor Plan Schematics



Attachment C

**Construction Costs Verification Letter
Verification of Funding
Balance Sheet and Income Statement
Audited Financials
Performance Improvement Plan
Utilization Review Plan
Patient Bill of Rights
The Joint Commission Documentation
Hospital License**

Tab 10

**Attachment C
Economic Feasibility - 1**

Construction Costs Verification Letter



BuildingTrust, Inc.

June 4, 2014

Mr. Tim McGill
CEO
River Park Hospital
1559 Sparta Street
McMinnville, TN 37110

RE: River Park Hospital – 10 Bed Geropsych Conversion

Mr. McGill:

This letter is being issued as verification that the submitted estimate of cost for the proposed psychiatric bed conversion project at River Park Hospital with 5,066 SF is reasonable. The construction estimate of \$975,000 (\$192.46 / sq. ft.) is based on comparative estimates of similar construction and adjusted local trades.

I attest that the design and construction information submitted is consistent with the design and cost of similar facilities in the region. The physical environment will conform to the applicable federal, state, and local construction codes, standards, manufacturers' specifications and licensing agencies requirements, including the current 2010 FGI Guidelines for Design and Construction of Health Care Facilities.

We hope this meets with your approval and stand ready to answer any questions that you may have. As always, we look forward to assisting in the development of this project. Please feel free to call me with any questions, clarifications, or comments.

Sincerely,

BUILDINGTRUST, INC.

Kenny Beam
President

Tab 11

Attachment C
Economic Feasibility - 2

Verification of Funding



501 Corporate Centre Drive, Suite 200
Franklin, TN 37067-2662

phone 615.764.3000 | fax 615.764.3030
CapellaHealthcare.com

May 28, 2014

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson State Office Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

RE: Certificate of Need Application
River Park Hospital Adult Geriatric Behavioral Health Unit

Dear Ms. Hill:

River Park Hospital is applying for a Certificate of Need for a 10-bed Geriatric Behavioral Health Unit. The estimated project cost is \$1.1m.

As Vice President of Finance, I am writing to confirm that River Park Hospital has sufficient resources to fund the capital cost required to implement this project.

Thank you for your attention to this matter.

Sincerely,

Christina Patterson
VP, Finance

Tab 12

Attachment C
Economic Feasibility - 10

Balance Sheet and Income Statement

SCHEDULE E - FINANCIAL DATA*

Dates covered from	01/01/2013	to	12/31/2013
--------------------	------------	----	------------

Use zeros where applicable.

Do not leave blank lines in this schedule.

A. CHARGES (For reporting period only. Do not include revenue related losses; round to the nearest dollar.)

	Gross Patient Charges	minus	Adjustments To Charges	equals	Net Patient Revenue
1. Government					
a) Medicare Inpatient - Total (include managed care)	\$52,009,588	-	\$37,605,482	=	\$14,404,106
1) Medicare Managed Care - Inpatient	\$10,248,444	-	\$7,719,361	=	\$2,529,083
b) Medicare Outpatient - Total (include managed care)	\$56,445,161	-	\$47,327,464	=	\$9,117,697
1) Medicare Managed Care - Outpatient	\$12,995,757	-	\$11,189,132	=	\$1,806,625
c) Medicaid/TennCare Inpatient* (for EAH use 7.b.2.)	\$15,711,555	-	\$12,933,021	=	\$2,778,534
d) Medicaid/TennCare Outpatient* (for EAH use 7.b.2.)	\$34,214,308	-	\$31,622,008	=	\$2,592,300
e) Other	\$2,456,885	-	\$1,293,087	=	\$1,163,798
f) Total Government Sources	\$160,837,497	-	\$130,781,062	=	\$30,056,435
2. Cover Tennessee					
*					see instructions
a) Cover TN	\$977,735	-	\$865,656	=	\$112,079
b) Cover Kids	\$873,175	-	\$500,717	=	\$372,458
c) Access Tennessee	\$122,134	-	\$79,039	=	\$43,095
d) Total Cover Tennessee	\$1,973,044	-	\$1,445,412	=	\$527,632
3. Nongovernment					
a) Self-Pay	\$16,004,828	-	\$9,579,353	=	\$6,425,475
b) Blue Cross Blue Shield	\$28,056,329	-	\$17,072,264	=	\$10,984,065
c) Commercial Insurers (excludes Workers Comp)	\$10,533,686	-	\$9,947,110	=	\$586,576
d) Workers Compensation	\$1,553,423	-	\$1,168,481	=	\$384,942
e) Other	\$1,000,749	-	\$638,969	=	\$361,780
f) Total Nongovernment Sources	\$57,149,015	-	\$38,406,177	=	\$18,742,838
4. Totals					
a) Total Inpatient (excludes Newborn)	\$81,343,275				
b) Newborns	\$1,629,420				
c) Total Inpatient (Includes Newborn) (A4a + A4b)	\$82,972,695	-	\$61,114,216	=	\$21,858,479
d) Total Outpatient	\$136,986,861	-	\$109,518,435	=	\$27,468,426
e) Grand Total (A1f + A2d + A3f)	\$219,959,556	-	\$170,632,651	=	\$49,326,905
5. Bad Debt					
a) Medicare Enrollees			\$645,516		
b) Other Government			\$17,908		
c) Cover Tennessee			\$20,721		
d) Blue Cross and Commercially Insured Patients			\$1,493,733		
e) All Other			\$5,752,312		
f) Total Bad Debt			\$7,930,190		
6. Nongovernment and Cover Tennessee Adjustments to Charges					
a) Nongovernment Contractual			\$38,406,177		
b) Cover Tennessee Contractual			\$1,445,412		
c) Charity Care - Inpatient			\$579,734		
d) Charity Care - Outpatient			\$414,841		
e) Other Adjustments, specify types			\$0		
f) Total Nongovernment Adjustments			\$40,846,164		
				Total Charity (A6c + A6d)	\$994,575
				Total Charity plus Bad Debt (A5f + A6c + A6d)	\$8,922,584
				Amount of discounts provided to uninsured patients	\$9,813,666

PH-0958 (Rev. 06/13)

* Refer to Instructions 008106 completing JAR-H_13

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SCHEDULE E - FINANCIAL DATA (continued)*

State ID 89234

A. CHARGES (continued)

7. Other Operating Revenue

a) Tax appropriations	\$0
b) State and Local government contributions:	
1) Amount designated to offset indigent care	\$0
2) Essential Access Hospital (EAH) payments	\$236,672
3) Critical Access Hospital (CAH) payments	\$0
4) Amount used for other	\$0
5) Total	\$236,672
c) Other contributions:	
1) Amount designated to offset indigent care	\$0
2) Amount used for other	\$0
3) Total	\$0
d) Other (include cafeteria, gift shop, etc.)	\$180,121
e) Total other operating revenue	\$416,793
(A7a + A7b5 + A7c3 + A7d)	
8. Nonoperating Revenue (No negative numbers! Losses or expenses should be reported in B2g.)	
a) Contributions	\$0
b) Grants	\$20,000
c) Interest Income	\$581
d) Other	\$324,892
e) Total nonoperating revenue	\$345,473
(add A8a through A8d)	
f) TOTAL REVENUE	\$50,089,171
(Net A4e + A7e + A8e)	

B. EXPENSES (for the reporting period only; round to the nearest dollar)

1. Payroll Expenses for all categories of personnel specified below; (see definitions page)	
a) Physicians and dentists (include only salaries)	\$0
b) Medical and dental residents (include medical and dental interns)	\$0
c) Trainees (medical technology, x-ray therapy, administrative, and so forth)	\$0
d) Registered and licensed practical nurses	\$5,077,476
e) All other personnel	\$9,682,698
f) Total payroll expenses	\$14,760,174
(add B1a through B1e)	
2. Nonpayroll Expenses	
a) Employee benefits (social security, group insurance, retirement benefits)	\$3,949,293
b) Professional fees (medical, dental, legal, auditing, consultant and so forth)	\$2,820,501
c) Contracted nursing services (include staff from nursing registries, service contracts, and temporary help agencies)	\$149,434
d) Depreciation expense	\$2,437,320
e) Interest expense	\$3,789,876
f) Energy expense	\$826,849
g) All other expenses (supplies, purchased services, nonoperating expenses; and so forth)	\$15,942,562
h) Total nonpayroll expenses (add B2a through B2g)	\$29,915,835
i) TOTAL EXPENSES (add B1f + B2h)	\$44,676,009
3. Are system overhead/management fees included in your expenses?	<input checked="" type="radio"/> YES <input type="radio"/> NO
If yes, specify amount	\$734,330

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C. CURRENT ASSETS

1. Current Assets is defined as the value of cash, accounts receivable, inventories, marketable securities and other assets that could be converted to cash in less than 1 year. What were your current assets on the last day of your reporting period (specified in Schedule A7 on page 2)? \$6,694,052
- Net receivables are defined as the collectibles as of the last day of your reporting period, whether or not they are currently due.
2. What were your net receivables on the last day of your reporting period? \$6,048,859

D. FIXED ASSETS recorded on the balance sheet at the end of the reporting period (include actual or estimated value of plant/equipment that is leased).

1. Gross plant and equipment assets (including land, building, and equipment) \$43,897,129
2. LESS: Deduction for accumulated depreciation \$19,641,692
3. NET FIXED plant and equipment assets (D.1. Less D.2.; if zero please explain on separate sheet) \$24,255,437

E. OTHER ASSETS recorded on the balance sheet at the end of the reporting period (include assets not included above as current or fixed assets).

- What were your other assets on the last day of your reporting period (specified in Schedule A7 on page 2)? \$752,168

F. TOTAL ASSETS

Total Assets is the sum of current assets, fixed assets and other assets (C.1.+D.3.+E.).

What were your total assets on the last day of your reporting period (specified in Schedule A7 on page 2)? \$31,701,657

G. CURRENT LIABILITIES

Current liabilities is defined as the amount owed for salaries, interest, accounts payable, and other debts due within one (1) year. What were your current liabilities on the last day of your reporting period? \$5,209,449

H. LONG TERM LIABILITIES

1. Long Term Liabilities is defined as the amount owed for leases, bond repayment and other items due after one (1) year. What were your long term liabilities on the last day of your reporting period? \$782,568

2. Long-Term Debt is defined as the value of obligations of over 1 year that require interest to be paid. What was your long term debt on the last day of your reporting period? \$7,916,181

I. OTHER LIABILITIES

Other liabilities includes those liabilities not reported as current (item G.) or long term (item H.1.).

What were your total liabilities on the last day of your reporting period (specified in Schedule A7 on page 2)? -\$446,325

J. CAPITAL ACCOUNT

Capital Account includes Fund Balance or Stockholder's Equity and all general, specific purpose, restricted or unrestricted funds. The Capital Account is the excess of assets over its liabilities.

What was your capital account on the last day of your reporting period? \$26,155,965

Note: Total Assets should equal Liabilities plus Capital Account (i.e. item F = G + H.1. + I. + J.).

K. 1. Federal Income Tax:

\$0

2. Local Property Taxes Paid During the Reporting Period:

a) Taxes on the Inpatient Facility \$425,844

b) Taxes on all Other Property \$25,812

3. Other Local, State, or Federal Taxes:

(exclude sales tax)

\$165,269

L. Does your hospital bill include charges incurred for the following professional services?

Radiology - YES ☐ NO ☒ Pathology - YES ☐ NO ☒ Anesthesiology - YES ☐ NO ☒ Other - Specify _____

SCHEDULE E - FINANCIAL DATA (continued)*

State ID 89234

M. TennCare Utilization and Revenue:

1. Inpatient Utilization and Revenue for TennCare Managed Care Organizations:

MCO	NUMBER OF ADMISSIONS	NUMBER OF PATIENT DAYS	GROSS REVENUE	NET REVENUE
United Health Care Community Plan	350	951	\$7,790,518	\$813,804
Amerigroup	244	636	\$5,719,254	\$781,439
Blue Care	16	39	\$373,738	\$31,805
TennCare Select	15	39	\$345,081	\$22,890
TennCare, MCO (Not Specified)	1	1	\$12,724	\$0
Total MCO	626	1,666	\$14,241,315	\$1,649,938

2. Outpatient Utilization and Revenue for TennCare Managed Care Organizations:

MCO	NUMBER OF PATIENTS	NUMBER OF VISITS	GROSS REVENUE	NET REVENUE
United Health Care Community Plan	9,082	9,803	\$25,497,632	\$2,591,118
Amerigroup	5,379	6,139	\$15,602,561	\$1,683,737
Blue Care	320	345	\$954,503	\$91,924
TennCare Select	328	361	\$943,609	\$87,118
TennCare, MCO (Not Specified)	12	12	\$18,242	\$503
Total MCO	15,121	16,660	\$43,016,547	\$4,454,400

Tab 13

Attachment C
Economic Feasibility - 10

Audited Financials

Table of Contents**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholder
Capella Healthcare, Inc.

We have audited the accompanying consolidated balance sheets of Capella Healthcare, Inc., a wholly owned subsidiary of Capella Holdings, Inc., as of December 31, 2013 and 2012, and the related consolidated statements of operations, stockholder's deficit, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Capella Healthcare, Inc. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 11, 2014

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Capella Healthcare, Inc.
Consolidated Balance Sheets
(In millions, except for share and per share amounts)

	December 31,	December 31,
	<u>2012</u>	<u>2013</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 33.3	\$ 26.4
Accounts receivable, net of allowance for doubtful accounts of \$93.6 and \$105.5 at December 31, 2012 and 2013, respectively	123.5	126.3
Inventories	24.8	24.3
Prepaid expenses and other current assets	4.9	5.0
Other receivables	6.6	6.6
Assets held for sale	—	13.1
Deferred tax assets	1.7	2.5
Total current assets	194.8	204.2
Property and equipment:		
Land	37.9	37.8
Buildings and improvements	399.4	389.4
Equipment	215.5	245.1
Construction in progress (estimated cost to complete and equip at December 31, 2013 is \$6.5 million)	15.6	8.0
	668.4	680.3
Accumulated depreciation	(194.8)	(224.2)
	473.6	456.1
Goodwill	136.0	133.6
Intangible assets, net	10.7	13.2
Other assets, net	29.3	23.7
Total assets	<u>\$ 844.4</u>	<u>\$ 830.8</u>
Liabilities and stockholder's deficit		
Current liabilities:		
Accounts payable	\$ 31.1	\$ 28.5
Salaries and benefits payable	23.1	23.8
Accrued interest	23.3	23.3
Other accrued liabilities	20.9	32.7
Current portion of long-term debt	8.4	49.6
Liabilities held for sale	—	1.9
Total current liabilities	106.8	159.8
Long-term debt	543.4	507.8
Deferred income taxes	14.1	17.3
Other liabilities	30.3	28.4
Redeemable non-controlling interests	21.1	21.4
Due to parent	210.5	210.9
Stockholder's deficit:		
Common stock, \$0.01 par value; 1,000 shares authorized; 100 shares issued and outstanding at December 31, 2012 and 2013, respectively	—	—
Retained deficit	(81.8)	(114.8)
Total stockholder's deficit	(81.8)	(114.8)
Total liabilities and stockholder's deficit	<u>\$ 844.4</u>	<u>\$ 830.8</u>

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SEC Filings | Capella Health

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See accompanying notes.

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Capella Healthcare, Inc.
Consolidated Statements of Operations
(In millions)

	Year Ended December 31,		
	2011	2012	2013
Revenue before provision for bad debts	\$723.7	\$802.3	\$ 828.5
Provision for bad debts	(72.3)	(84.1)	(106.2)
Revenue	651.4	718.2	722.3
Costs and expenses:			
Salaries and benefits	313.9	333.2	342.8
Supplies	108.3	114.8	123.1
Other operating expenses	144.7	177.7	185.5
Other income	(7.2)	(6.4)	(12.6)
Management fee to related party	0.2	0.2	0.2
Interest, net	51.1	53.1	55.0
Depreciation and amortization	31.8	37.8	44.2
Total costs and expenses	642.8	710.4	738.2
Income (loss) from continuing operations before income taxes	8.6	7.8	(15.9)
Income taxes	1.4	3.0	4.0
Income (loss) from continuing operations	7.2	4.8	(19.9)
Loss from discontinued operations, net of tax	(20.5)	(17.6)	(11.4)
Net loss	(13.3)	(12.8)	(31.3)
Less: Net income attributable to non-controlling interests	1.2	1.3	0.5
Net loss attributable to Capella Healthcare, Inc.	<u>\$ (14.5)</u>	<u>\$ (14.1)</u>	<u>\$ (31.8)</u>

See accompanying notes.

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Capella Healthcare, Inc.
Consolidated Statements of Stockholder's Deficit
(In millions, except for share amounts)

	<u>Common Stock</u>		<u>Retained Deficit</u>	<u>Total Stockholder's Deficit</u>
	<u>Shares</u>	<u>Amount</u>		
Balance at January 1, 2011	100	\$ —	\$ (48.0)	\$ (48.0)
Adjustment to redemption value of redeemable non-controlling interests	—	—	(1.1)	(1.1)
Net loss	—	—	(14.5)	(14.5)
Balance at December 31, 2011	100	—	(63.6)	(63.6)
Adjustment to redemption value of redeemable non-controlling interests	—	—	(0.6)	(0.6)
Establishment of non-controlling interests related to St. Thomas joint venture	—	—	(3.5)	(3.5)
Net loss	—	—	(14.1)	(14.1)
Balance at December 31, 2012	100	—	(81.8)	(81.8)
Adjustment to redemption value of redeemable non-controlling interests	—	—	(1.2)	(1.2)
Net loss	—	—	(31.8)	(31.8)
Balance at December 31, 2013	100	\$ —	<u>\$(114.8)</u>	<u>\$ (114.8)</u>

See accompanying notes.

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Capella Healthcare, Inc.
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2011	2012	2013
	(In Millions)		
Operating activities			
Net loss	\$(13.3)	\$(12.8)	\$ (31.3)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Loss from discontinued operations	20.5	17.6	11.4
Depreciation and amortization	31.8	37.8	44.2
Amortization of loan costs and debt discount	2.8	3.9	4.0
Provision for bad debts	72.3	84.1	106.2
Deferred income taxes	1.2	2.0	3.1
Stock-based compensation	0.8	1.0	0.8
Changes in operating assets and liabilities, net of effect of acquisitions:			
Accounts receivable, net	(72.9)	(97.2)	(113.6)
Inventories	(2.6)	(0.3)	(0.6)
Prepaid expenses and other current assets	(6.0)	0.3	(0.3)
Accounts payable and other current liabilities	6.5	7.1	11.2
Accrued salaries	(1.0)	1.2	0.7
Accrued interest	(0.4)	—	—
Other	(0.7)	1.8	(2.1)
Net cash provided by operating activities – continuing operations	39.0	46.5	33.7
Net cash provided by (used in) operating activities – discontinued operations	4.0	(2.5)	(2.9)
Net cash provided by operating activities	43.0	44.0	30.8
Investing activities			
Purchases of property and equipment, net	(31.3)	(32.9)	(26.3)
Acquisition of healthcare businesses	(34.1)	(26.0)	—
Proceeds from disposition of healthcare businesses	20.5	12.4	1.6
Change in other assets	(1.8)	—	—
Net cash used in investing activities – continuing operations	(46.7)	(46.5)	(24.7)
Net cash used in investing activities – discontinued operations	(2.9)	(0.9)	(2.1)
Net cash used in investing activities	(49.6)	(47.4)	(26.8)
Financing activities			
Payments on capital leases and other obligations	—	(2.7)	(9.8)
Advances (to) from Parent	3.8	(0.4)	0.3
Payment of debt issue costs	—	(0.2)	—
Distributions to non-controlling interests	(1.0)	(1.7)	(1.2)
Repurchase of non-controlling interests	(0.3)	(1.1)	(0.2)
Net cash provided by (used in) financing activities – continuing operations	2.5	(6.1)	(10.9)
Net cash (used in) provided by financing activities – discontinued operations	(1.8)	0.4	—
Net cash provided by (used in) financing activities	0.7	(5.7)	(10.9)
Change in cash and cash equivalents	(5.9)	(9.1)	(6.9)
Cash and cash equivalents at beginning of year	48.3	42.4	33.3
Cash and cash equivalents at end of year	<u>\$ 42.4</u>	<u>\$ 33.3</u>	<u>\$ 26.4</u>
Supplemental disclosure of cash flow information			
Cash paid for interest	<u>\$ 47.2</u>	<u>\$ 47.1</u>	<u>\$ 51.2</u>
Cash paid for taxes	<u>\$ 0.5</u>	<u>\$ 0.4</u>	<u>\$ 1.6</u>
Supplemental schedule of non-cash investing and financing activities:			

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Capital lease obligations

\$ — \$ 50.3 \$ 14.5

See accompanying notes.

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Capella Healthcare, Inc.
Notes to Consolidated Financial Statements
December 31, 2013

1. Organization and Significant Accounting Policies**Organization**

Capella Healthcare, Inc., a Delaware corporation which was formed on April 15, 2005, is a wholly owned subsidiary of Capella Holdings, Inc. (the "Parent"). The Company operates hospitals and ancillary healthcare facilities in non-urban communities in the United States. Unless the context otherwise indicates, Capella Healthcare, Inc. is referred to herein as "Capella" or the "Company".

At December 31, 2013, as part of continuing operations, the Company operated eleven general acute care hospitals and ancillary healthcare facilities with a total of 1,504 licensed beds. Unless noted otherwise, discussions in these notes pertain to the Company's continuing operations, which exclude the results of those facilities that have been previously disposed.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries and entities controlled by the Company through the Company's direct or indirect ownership of a majority interest and exclusive rights granted to the Company as the sole general partner of such entities. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Discontinued Operations

In accordance with the provisions of the Financial Accounting Standards Board ("FASB") authoritative guidance regarding accounting for the impairment or disposal of long-lived assets, the Company has presented the operating results, financial position and cash flows of its previously disposed facilities as discontinued operations, net of income taxes, in the accompanying consolidated financial statements.

General and Administrative Costs

The majority of the Company's expenses are "cost of revenue" items. Costs that could be classified as "general and administrative" by the Company would include its corporate overhead costs, which were \$14.1 million, \$25.5 million and \$23.7 million for the years ended December 31, 2011, 2012 and 2013, respectively.

Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term nature of these instruments. The carrying amount of the Company's 9 1/4% Senior Unsecured Notes due 2017 (the "9 1/4% Notes") was \$500.0 million at December 31, 2013 as disclosed in Note 5. The estimated fair value of the 9 1/4% Notes at December 31, 2013 was approximately \$532.5 million and based on the average bid and ask price as quoted by the Company's administrative agent and is categorized as Level 2 within the fair value hierarchy in accordance with Accounting Standards Codification ("ASC") 820-10, "Fair Value Measurements and Disclosures".

Revenue Recognition and Accounts Receivable

The Company recognizes revenue before the provision for bad debts, including revenue from in-house patients and patients which have been discharged but not yet billed, in the period in which services are performed. Accounts receivable

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primarily consist of amounts due from third-party payors and patients. The Company's ability to collect outstanding receivables is critical to its results of operations and cash flows. The Company has entered into agreements with third-party payors, including government programs and managed care health plans, under which the Company is paid based upon established charges, the cost of providing services, predetermined rates per diagnosis, fixed per diem rates or discounts from established charges. Amounts the Company receives for treatment of patients covered by governmental programs such as Medicare and Medicaid and other third-party payors such as health maintenance organizations, preferred provider organizations and other private insurers are generally less than the Company's established billing rates. Accordingly, the revenues and accounts receivable reported in the Company's consolidated financial statements are recorded at the amount expected to be received.

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Capella Healthcare, Inc. **Notes to Consolidated Financial Statements (continued)**

The year ended December 31, 2012 included an additional \$7.0 million of revenue related to the State of Oklahoma's Supplemental Hospital Offset Payment Program, or SHOPP, in which the Company's Oklahoma hospitals participate. SHOPP allows for the establishment of a hospital provider fee assessment on all non-exempt Oklahoma hospitals. Revenue from this assessment is used to maintain hospital reimbursement from the SoonerCare Medicaid program and to secure additional matching Medicaid funds from the federal government. On January 17, 2012, the Centers for Medicare & Medicaid Services ("CMS") approved SHOPP with an effective date of July 1, 2011. Based on the approval date of January 17, 2012, the Company recorded the \$7.0 million of additional revenue related to SHOPP from the period of July 1, 2011 through December 31, 2011 during the year ended December 31, 2012.

The year ended December 31, 2012 included \$6.6 million of revenue related to the industry-wide rural floor provision settlement litigation. The Balanced Budget Act of 1997, or BBA, established a rural floor provision, by which an urban hospital's wage index within a particular state could not be lower than the statewide rural wage index. The wage index reflects the relative hospital wage level compared to the applicable average hospital wage level. The BBA also made this provision budget neutral, meaning that total wage index payments nationwide before and after the implementation of this provision must remain the same. To accomplish this, CMS was required to increase the wage index for all affected urban hospitals and to calculate a rural floor budget neutrality adjustment to reduce other wage indexes in order to maintain the same level of payments. Litigation had been pending for several years contending that CMS miscalculated the neutrality adjustment from 1999 through 2011. The litigation was settled effective April 5, 2012.

The following table sets forth the percentages of revenue before the provision for bad debts by payor for the years ended December 31, 2011, 2012 and 2013:

	Year Ended December 31,		
	2011	2012(2)	2013
Medicare(1)	39.2%	39.2%	38.1%
Medicaid(1)	12.8	15.3	14.4
Managed Care and other	37.9	35.3	36.0
Self-Pay	10.1	10.2	11.5
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

- (1) Includes revenue before the provision for bad debts received under managed Medicare or managed Medicaid programs.
- (2) The increase in Medicaid revenue for fiscal 2012 is due primarily to SHOPP. SHOPP increased Medicaid revenue for fiscal 2012 by approximately \$21.5 million.

The Company derives a significant portion of its revenue before the provision for bad debts from Medicare, Medicaid and other payors that receive discounts from the Company's standard charges. The Company must estimate the total amount of these discounts to prepare its consolidated financial statements. The Medicare and Medicaid regulations and various managed care contracts under which these discounts must be calculated are complex and are subject to interpretation and adjustment. The Company estimates the allowance for contractual discounts on a payor-specific basis given its interpretation of the applicable regulations or contract terms. These interpretations sometimes result in payments that differ from the Company's estimates. Additionally, updated regulations and contract renegotiations occur frequently, necessitating regular review and assessment of the estimation process by management. Changes in estimates related to the allowance for contractual discounts affect revenues reported in the Company's consolidated statements of operations.

Settlements under reimbursement agreements with third-party payors are estimated and recorded in the period the related services are rendered and are adjusted in future periods as final settlements are determined. Final determination of amounts earned under the Medicare and Medicaid programs often occurs subsequent to the year in which services are rendered because of audits by

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Capella Healthcare, Inc.
Notes to Consolidated Financial Statements (continued)

the programs, rights of appeal and the application of numerous technical provisions. There is at least a reasonable possibility that such estimates will change by a material amount in the near term. The net estimated third-party payor settlements payable by the Company as of December 31, 2012 totaled \$4.5 million compared to \$5.7 million as of December 31, 2013. The net estimated third-party payor settlements are included in other current liabilities in the accompanying consolidated balance sheets. The net adjustments to estimated cost report settlements resulted in a decrease to revenue of \$0.2 million for the year ended December 31, 2011, an increase of \$1.1 million for the year ended December 31, 2012, and an increase of \$0.3 million for the year ended December 31, 2013. The Company's management believes that adequate provisions have been made for adjustments that may result from final determination of amounts earned under these programs.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on the Company's financial statements. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs.

Provision for Bad Debts and Allowance for Doubtful Accounts

To provide for accounts receivable that could become uncollectible in the future, the Company establishes an allowance for doubtful accounts to reduce the carrying value of such receivables to their estimated net realizable value.

Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts and subsequent recoveries are added. The amount of the provision for bad debts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal, state, and private employer healthcare coverage and other collection indicators. The provision for bad debts and the allowance for doubtful accounts relate primarily to "uninsured" amounts (including copayment and deductible amounts from patients who have healthcare coverage) due directly from patients. Accounts are written off when all reasonable internal and external collection efforts have been performed. The Company considers the return of an account from the primary external collection agency to be the culmination of its reasonable collection efforts and the timing basis for writing off the account balance. Accounts written off are based upon specific identification and the write-off process requires a write-off adjustment entry to the patient accounting system. Management relies on the results of detailed reviews of historical write-offs and recoveries (the hindsight analysis) as a primary source of information to utilize in estimating the collectibility of the Company's accounts receivable. The Company performs the hindsight analysis on a quarterly basis for all hospitals, utilizing rolling twelve-month accounts receivable collection, write-off, and recovery data. The Company supplements its hindsight analysis with other analytical tools, including, but not limited to, revenue days in accounts receivable, historical cash collections experience and revenue trends by payor classification. Adverse changes in general economic conditions, billing and collections operations, payor mix, or trends in federal or state governmental healthcare coverage could affect the Company's collection of accounts receivable, cash flows and results of operations.

A summary of activity in the Company's allowance for doubtful accounts is as follows (in millions):

	Balances at Beginning of Year	Additions Charged to provision for bad debts	Accounts Written Off, Net of Recoveries	Balances at End of Year
Year ended December 31, 2011	\$ 123.1	\$ 72.3	\$ (108.8)	\$ 86.6
Year ended December 31, 2012	\$ 86.6	\$ 84.1	\$ (77.1)	\$ 93.6
Year ended December 31, 2013	\$ 93.6	\$ 106.2	\$ (94.3)	\$ 105.5

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Table of Contents

Capella Healthcare, Inc.
Notes to Consolidated Financial Statements (continued)

Charity Care

Self-pay revenue is derived primarily from patients who do not have any form of healthcare coverage. The Company provides care without charge to certain patients that qualify under the Company's charity/indigent care policy. The Company does not report a charity/indigent care patient's charges in revenues or in the provision for bad debts as it is the Company's policy not to pursue collection of amounts related to these patients. At the Company's hospitals, patients treated for non-elective care, who have income at or below 200% of the federal poverty level, are eligible for charity care. The federal poverty level is established by the federal government and is based on income and family size. The Company's hospitals provide a discount to uninsured patients who do not qualify for Medicaid or charity care. These discounts are similar to those provided to many local managed care plans. In implementing the discount policy, the Company first attempts to qualify uninsured patients for Medicaid, other federal or state assistance or charity care. If an uninsured patient does not qualify for these programs, the uninsured discount is applied.

The Company estimates its cost of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Company's gross charity care charges provided. For the years ended December 31, 2011, 2012 and 2013, the Company estimates that its costs of care provided under its charity care programs were approximately \$2.9 million, \$3.4 million and \$2.8 million, respectively.

Concentration of Revenues

For the years ended December 31, 2011, 2012 and 2013, approximately 52.0%, 54.5% and 52.5%, respectively, of the Company's revenue before the provision for bad debts related to patients participating in the Medicare and Medicaid programs. The Company's management recognizes that revenue and receivables from government agencies are significant to the Company's operations, but it does not believe that there are significant credit risks associated with these government agencies. The Company's management does not believe that there are any other significant concentrations of revenue from any particular payor that would subject the Company to any significant credit risks in the collection of its accounts receivable.

Other Income

The American Recovery and Reinvestment Act of 2009 ("ARRA") provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record ("EHR") technology. These provisions of ARRA, collectively referred to as the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), are intended to promote the adoption and meaningful use of interoperable health information technology and qualified EHR technology.

The Company accounts for EHR incentive payments in accordance with ASC 450-30, "Gain Contingencies" ("ASC 450-30"). In accordance with ASC 450-30, the Company recognizes a gain for EHR incentive payments when its eligible hospitals and physician practices have demonstrated meaningful use of certified EHR technology for the applicable period and when the cost report information for the full cost report year that determines the final calculation of the EHR incentive payment is available. The demonstration of meaningful use is based on meeting a series of objectives and varies among hospitals and physician practices, between the Medicare and Medicaid programs and within the Medicaid program from state to state. Additionally, meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by the CMS.

For the years ended December 31, 2011, 2012 and 2013, the Company recognized \$7.2 million, \$6.4 million and \$12.6 million, respectively, in EHR incentive payments in accordance with the HITECH Act under the Medicaid and Medicare programs which is included in other income on the accompanying consolidated statements of operations. Amounts recognized as other income that the Company anticipates collecting in future periods, but that were uncollected as of the balance sheet date are included in the accompanying consolidated balance sheet. As of December 31, 2012 and 2013, outstanding receivables from Medicaid for EHR incentive payments totaled approximately \$1.4 million and \$2.0 million, respectively and is included in other receivables on the accompanying consolidated balance sheets.

The Company incurs both capital expenditures and operating expenses in connection with the implementation of its various EHR initiatives. The amount and timing of these expenditures does not necessarily directly correlate with the timing of the Company's receipt or recognition of the EHR incentive payments.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less. The Company places its cash in financial institutions that are federally insured in limited amounts.

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COPY- SUPPLEMENTAL-1

**River Park Hospital
CN1407-030**



River Park
Hospital

In partnership with Saint Thomas Health

SUPPLEMENTAL- # 1

July 24, 2014

3:05pm

July 23, 2014

Mark Farber, Deputy Director
Health Services Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1407-030
River Park Hospital
Supplemental Response

Dear Mr. Farber:

Thank you for your letter of July 17, 2014 acknowledging your July 14, 2014 receipt of River Park Hospital's application for a Certificate of Need for the initiation of inpatient geriatric psychiatric services and the conversion of ten (10) medical/surgical beds to geriatric psychiatric beds.

As requested, River Park Hospital is submitting its responses in triplicate by 4:00 p.m., Thursday, July 24, 2014.

1. Section A, Applicant Profile, Item 4.

The applicant in Item 1 is listed as an LLC, yet the box checked here is for-profit corporation. Please explain and make any corrections, if necessary, and submit a replacement page.

If the applicant is an LLC, please identify each of the LLC members and each member's percentage of ownership.

Response: The applicant, River Park Hospital, is a Limited Liability Company with its two members consisting of Capella Healthcare, Inc. (93.51% owner) and Saint Thomas Health (6.49% owner). The majority owner of control of River Park Hospital, LLC is Capella Healthcare, Inc. (as listed in Item 3) which is a for-profit corporation (as originally listed in Item 4). The minority owner of River Park Hospital, LLC is Saint Thomas Health which is a non-profit corporation. Section A, Item 4 was originally filled out addressing the entity status of the majority owner of control, not the applicant. Please see the organizational chart included at Tab 2 of the original CON application. Note that Capella and Saint Thomas hold their ownership of River Park Hospital through an intermediate entity - Saint Thomas / Capella, LLC.

Additionally, please see **Attachment A** for a replacement page as requested above which corrects the Type of Ownership of Control.

2. Section A, Applicant Profile, Item 13.

You have indicated that that River Park Hospital's relationship with TennCare MCOs is out-of-network with Americhoice and in-network with Amerigroup. According to TennCare's website there are two other MCOs besides Amerigroup, United Healthcare Community Plan and TennCare Select. Please describe your relationship with these two TennCare MCOs.

Response: As indicated in the MCO/BHO Participation list on Bates pages 0085-0086, River Park Hospital also participates in the United Healthcare Community Plan and TennCare Select. A corrected Bates page 0006 is included here (**Attachment B**).

3. Section B, Project Description, Item I.

Please describe the services that will be provided on the proposed unit and explain how the space as identified on the floor plan, i.e., quiet, group, and noisy rooms, etc. will be used to provide the services identified.

Response: The proposed unit is designed to focus on elderly medical-surgical patients with a dual psychiatric disorder. Such patients often suffer from dementia, Alzheimer's and conditions involving drug interactions and reactions. The floor plan allows for separation of patients who might become temporarily agitated, withdrawn or depressed.

It appears the 10 beds will be located in five semi-private rooms? If that is correct please discuss the pros and cons of providing inpatient psychiatric care in a private vs. semi-private room.

Response: The 10 beds will actually be located in 4 semi-private rooms (8 beds) and 2 private rooms (2 beds). Thus, River Park will offer options of both semi-private and private rooms, depending upon patient needs. Patients requiring socialization skills will be kept in semi-private rooms while those exhibiting disruptive behaviors are better suited for the private rooms.

Please clarify if the proposed geropsychiatric unit will admit patients who are dually diagnosed with a psychiatric and chemical dependency diagnosis.

Response: No. River Park Hospital will focus on patients with dual medical-surgical and psychiatric diagnoses.

Please clarify if the proposed unit will admit patients with intellectual disabilities.

Response: The proposed unit will be open to all appropriate patients, including those with intellectual disabilities. However, the unit will not emphasize care for these types of patients.

Will the proposed unit offer a partial hospitalization service and/or outpatient program?

Response: No. Instead, River Park Hospital will coordinate outpatient services with three existing programs in McMinnville: Womacks Community Care Home, Volunteer

Behavioral Health Care System CHEER Mental Health Center and Generations Mental Health Center. There are four other providers within twenty-five miles as well.

4. Section B., Project Description, Item II. A.

Please clarify if there will be a secured area for triage and assessment.

Response: Triage and assessment will be done within a secured area in the emergency department.

Please clarify if the proposed psychiatric unit will have restraint rooms.

Response: The proposed psychiatric unit will have a quiet room, a noisy room and two other private bedrooms which can be suited for temporarily restraining patients.

What type of safeguards will be provided to insure the geriatric psychiatric unit's safety and security? Will the unit be locked? What renovations to the existing medical/surgical area will take place to address these concerns?

Response: A new, secure entry (locked) will be created on the unit to better assure patient safety. Renovations will include new doors, observation windows, nursing station, closed circuit television cameras, etc.

5. Section B., Project Description, Item III.A. (Plot Plan)

Your response to this item is noted. Please submit a revised plot plan that displays the approximate location of the proposed geropsychiatric unit in the hospital.

Response: Please see **Attachment C** for a revised plot plan (Bates page 0090) that displays the approximate location of the proposed geropsychiatric unit in the hospital.

6. Section B, Project Description, Item III.B.

Please complete the following chart by providing the estimated travel time/distance from the facilities listed to the selected municipalities.

Hospital	Psych Beds	McMinnville	Smithville	Sparta	Spenser	Altamount	Manchester
River Park Hospital	10*	-	20.9 mi/ 28 min	25.7 mi/ 27 min	18.2 mi/ 23 min	29.1 mi/ 39 min	27.5 mi/ 33 min
White Community Hospital (Highlands MC)	10	29.3 mi/ 33 min	21.2 mi/ 26 min	-	15 mi/ 19 min	56.9 mi/ 66 min	53.9 mi/ 60 min
Stones River Hospital	22	21.3 mi/ 29 min	20.4 mi/ 32 min	41.5 mi/ 57 min	41.7 mi/ 55 min	43.2 mi/ 59 min	25.2 mi/ 32 min
Southern TN Medical Center	12	43.6 mi/ 59 min	63.1 mi/ 84 min	70.8 mi/ 88 min	57.1 mi/ 64 min	35.4 mi/ 45 min	45.8 mi/ 43 min
Ten Broeck Hospital (Cookeville RMC)	32	46.7 mi/ 53 min	28.2 mi/ 35 min	20.0 mi/ 25 min	32.4 mi/ 36 min	74.2 mi/ 81 min	71.3 mi/ 78 min
Grandview Hospital	18	69.2 mi/ 68 min	87.9 mi/ 91 min	70.8 mi/ 80 min	57.1 mi/ 64 min	33.4 mi/ 45 min	45.8 mi/ 43 min
McFarland Hospital	49	54.7 mi/ 67 min	35.3 mi/ 41 min	66.1 mi/ 60 min	78.4 mi/ 71 min	92.5 mi/ 91 min	67.3 mi/ 59 min
Riverview-South Hospital	10	54.5 mi/ 68 min	35 mi/ 41 min	53 mi/ 53 min	65.3 mi/ 64 min	81.5 mi/ 101 min	64.8 mi/ 79 min

*Proposed

7. Section C, Need, Item 1 (State Health Plan)

Your response to the 5 Principles for Achieving Better Health is noted. Please expand your response to address the following questions.

1. *The purpose of the State Health Plan is to improve the health of Tennesseans.*
 - a. *How will this proposal protect, promote, and improve the health of Tennesseans over time?*
 - b. *What health outcomes will be impacted and how will the applicant measure improvement in health outcomes?*
 - c. *How does the applicant intend to act upon available data to measure its contribution to improving health outcomes?*

Response: This project will improve access to mental health care for the elderly population of the service area. Specifically, it will enhance the availability and quality of these specialized geri psych services within an existing hospital to meet the needs of elderly psych patients, including those with a dual diagnosis. According to federal statistics,

- Approximately 30% of hospital admissions of older adults are drug related, with more than 11% attributed to medication nonadherence and 10–17 % related to adverse drug reactions (ADRs).¹
- Older adults discharged from the hospital on more than five drugs are more likely to visit the emergency department (ED) and be rehospitalized during the first 6 months after discharge.
- In elderly individuals, delirium can initiate or otherwise be a key component in a cascade of events that lead to a downward spiral of functional decline, loss of independence, institutionalization, and, ultimately, death. Delirium affects an estimated 14–56% of all hospitalized elderly patients. At least 20% of the 12.5 million patients over 65 years of age hospitalized each year in the US experience complications during hospitalization because of delirium.²

In addition, as patients age and/or spouses die, they become more isolated and often develop depression. Patients presenting at the hospital must be treated for both medical-surgical and psychiatric conditions. Presently, River Park Hospital lacks such dedicated facilities. Mixing these types of patients within the general hospital population is not optimal for either group.

The approval of this project will give the applicant the ability to collaborate with other local medical providers to treat these difficult patients, and contribute to improved health outcomes in the service area.

2. *Every citizen should have reasonable access to health care.*

- a. How will this proposal improve access to health care? You may want to consider geographic, insurance, use of technology, and disparity issues (including income disparity), among others.*
- b. How will this proposal improve information provided to patients and referring physicians?*
- c. How does the applicant work to improve health literacy among its patient population, including communications between patients and providers?*

¹ Marek KD, Antle L. Medication Management of the Community-Dwelling Older Adult. In: Hughes RG, editor. Patient Safety and Quality: An Evidence-Based Handbook for Nurses. Rockville (MD): Agency for Healthcare Research and Quality (US); 2008 Apr. Chapter 18. Available from: <http://www.ncbi.nlm.nih.gov/books/NBK2670/>

² Tamara G. Fong, Samir R. Tulebaev & Sharon K. Inouye. Delirium in elderly adults: diagnosis, prevention and treatment. Nature Reviews Neurology 5, 210-220 (April 2009). doi:10.1038/nrneurol.2009.24

July 24, 2014

3:05pm

Response: This project will improve access to elderly patients requiring psychiatric services in the service area. There are currently no other geri psych services offered in the service area. The beds will be accessible to anyone in need of such services, regardless of their gender, race, ethnicity or ability to pay. As the service is proposed in an area where no other such services currently exist, it will prevent local patients from having to travel great distances to receive the care they need. With the proposed geri psych program, River Park Hospital is committed to serving all patients in need, including low income patients in the TennCare and Medicare programs, just as it has done historically.

3. *The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.*

- a. *How will this proposal lower the cost of health care?*
- b. *How will this proposal encourage economic efficiencies?*
- c. *What information will be made available to the community that will encourage a competitive market for health care services?*

Response: This project supports the State's goals of encouraging competitive markets, economic efficiencies, and the development of the State's health care system. It will help reduce readmissions and emergency department visits by the elderly associated with adverse drug reactions, delirium and other psychiatric co-morbidities. By developing the service in renovated space at the hospital, it is far more economic and efficient than new construction. Through the conversion of existing beds that are currently unstaffed, the project will provide a valuable service to the patients in the service area that is not currently offered by any other provider, while better utilizing existing hospital resources. This will prevent patients in need of the service from having to travel outside of the area for care, saving time and money in travel.

4. *Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.*

- a. *How will this proposal help health care providers adhere to professional standards?*
- b. *How will this proposal encourage continued improvement in the quality of care provided by the health care workforce?*

Response: River Park Hospital is a state licensed facility that is also accredited by The Joint Commission. It is fully compliant with the operational standards of the industry with respect to quality of care measures, and continually monitors these applicable standards to assure that it always meets or exceeds them. This assures the hospital's patients always receive appropriate, high quality care.

5. *The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.*

- a. *How will this proposal provide employment opportunities for the health care workforce?*
- b. *How will this proposal complement the existing Service Area workforce?*

Response: River Park Hospital supports the development, recruitment, and retention of a sufficient and quality healthcare workforce through various training programs, community outreach initiatives, and other programs. The approval of this project would result in the recruitment of additional professional staff.

8. Section C., Need, 1. Specific Criteria (Inpatient Psychiatric Units) Item A Need 1-4.

Your response to this item is noted. Did the applicant exclude out of state admissions in determining the use rate for Tennessee? What was the statewide occupancy rate for inpatient psychiatric services in 2012?

Response: It is believed that the hospital JAR summary data provided by the Health Statistics Section of the Tennessee Department of Health did not exclude out of state admissions. Nor, however, did it include the offset for Tennessee residents seeking care outside the state. The applicant does not have access to the raw data to make such adjustments possible. Furthermore, a query of the Tennessee Hospital Association's discharge database suggested too much incomplete data to make reliable estimates from this source.

The statewide occupancy rate for the 2,495 general psychiatric beds was 65.3% in 2012. Since many of the state's psychiatric programs have small units of 10-12 beds, the occupancy rate does not appear to be unreasonably high or low.

Since the current bed need formula in the Guidelines for Growth is what is in effect, please calculate bed need using this bed need formula and including the use of population projections calculated by the Tennessee Department of Health for Year 2018 adult bed need and geriatric bed need.

Response: Psychiatric services are more regional in nature than general acute hospital services. Therefore, expanding beyond Warren County is reasonable, as is excluding adjacent counties where patients can receive such services at their local hospital. Thus, the original service area and bed need projected in the application is reasonable.

That said, please find the tables below for the requested bed need calculations utilizing the state's current bed need formula and Tennessee Department of Health Populations for 2018.

	Population				Beds								
	2018				Gross Need			Existing Inventory			Net Need		
	Total	Adult 20+	Geri 55+		Total	Adult 20+	Geri 55+	Total	Adult 20+	Geri 55+	Total	Adult 20+	Geri 55+
Coffee	56,841	42,745	13,726		17.1	12.8	4.1	0	0	0	17.1	12.8	4.1
DeKalb	19,125	14,517	6,340		5.7	4.4	1.9	0	0	0	5.7	4.4	1.9
Grundy	13,293	10,101	4,555		4.0	3.0	1.4	0	0	0	4.0	3.0	1.4
Van Buren	5,474	4,313	2,084		1.6	1.3	0.6	0	0	0	1.6	1.3	0.6
Warren	41,155	30,575	12,562		12.3	9.2	3.8	0	0	0	12.3	9.2	3.8
White	27,974	21,022	8,868		8.4	6.3	2.7	0	0	10	8.4	6.3	(7.3)
Service Area	163,862	123,273	48,135		49.2	37.0	14.4	0	0	10	49.2	37.0	4.4

Utilizing the state's bed need methodology, there is a net need for 4.4 geri psych beds in the service area at full utilization. Applying the same 70% utilization standard as in the original CON application results in a need for an 8 bed program ($4.4 \div 70\% = 6.3 = 7 + 1$ seclusion bed = 8 beds). As psychiatric services are more regional in nature than general acute hospital services, the applicant expects a fair amount of in-migration of patients from outside of the service's home county. This fact certainly bolsters the need for the initiation of the proposed 10 bed service at River Park Hospital.

Please also calculate adult and geriatric bed need under the following scenarios:

- Include adjacent Cannon County and the psychiatric beds at Stones River Hospital

	Population 2018				Gross Need			Existing Inventory			Net Need		
	Total	Adult 20+	Geri 55+		Total	Adult 20+	Geri 55+	Total	Adult 20+	Geri 55+	Total	Adult 20+	Geri 55+
Cannon	14,540	11,189	4,680		4.4	3.4	1.4	0	0	22	4.4	3.4	(20.6)
Coffee	56,841	42,745	13,726		17.1	12.8	4.1	0	0	0	17.1	12.8	4.1
DeKalb	19,125	14,517	6,340		5.7	4.4	1.9	0	0	0	5.7	4.4	1.9
Grundy	13,293	10,101	4,555		4.0	3.0	1.4	0	0	0	4.0	3.0	1.4
Van Buren	5,474	4,313	2,084		1.6	1.3	0.6	0	0	0	1.6	1.3	0.6
Warren	41,155	30,575	12,562		12.3	9.2	3.8	0	0	0	12.3	9.2	3.8
White	27,974	21,022	8,868		8.4	6.3	2.7	0	0	10	8.4	6.3	(7.3)
Service Area	178,402	134,462	52,815		53.5	40.3	15.8	0	0	32	53.5	40.3	(16.2)

- Calculate bed need using only Warren County, where according to the 2012 Joint Annual Report, 82% of River Park Hospital's inpatients reside.

	Population 2018				Gross Need			Existing Inventory			Net Need		
	Total	Adult 20+	Geri 55+		Total	Adult 20+	Geri 55+	Total	Adult 20+	Geri 55+	Total	Adult 20+	Geri 55+
Warren	41,155	30,575	12,562		12.3	9.2	3.8	0	0	0	12.3	9.2	3.8

Utilizing the state's bed need methodology, there is a net need for 3.8 geri psych beds in Warren County alone at full utilization. Applying the same 70% utilization standard as in the original CON application results in a need for a 7 bed program ($3.8 \div 70\% = 5.4 = 6 + 1$ seclusion bed = 7 beds). As psychiatric services are more regional in nature than general acute hospital services, the applicant expects a fair amount of in-migration of patients from outside of the service's home county. This fact certainly bolsters the need for the initiation of the proposed 10 bed service at River Park Hospital.

9. Section C., Need, 1. Specific Criteria (Inpatient Psychiatric Units) Item C.2.

Please indicate the designated Medically Underserved Areas of the proposed service area as designated by the U.S. Health Resources and Services Administration.

Response: All six of the proposed service area counties are Medically Underserved Areas. In addition, these six counties are designated as a Health Professional Shortage Area (HPSA) by the Health Resources and Services Administration (HRSA) as having a shortage of mental health providers. Please see **Attachment D** for documentation from the US Department of Health and Human Services, Health Resources and Services Administration website on 7/23/2014.

10. Section C., Need, 1. Specific Criteria (Inpatient Psychiatric Units) Item C.3

What impact will the proposed project have on Middle Tennessee Mental Health Institute in Nashville and/or Moccasin Bend Mental Health Institute in Chattanooga?

Response: As demonstrated in the need projections, the proposed geropsych service is expected to be utilized mostly by service area residents, and will therefore have a very minimal impact on the two facilities listed above. Further, these state facilities have 300 and 150 beds respectively, and both are located approximately 76 miles from River Park Hospital. The proposed 10 beds at River Park Hospital will have a minimal impact on these facilities. In addition, River Park Hospital is a more appropriate setting for patients with dual diagnoses of medical-surgical and psychiatric conditions where the continuity of patient care can be better coordinated with local physicians.

11. Section C., Need, Item 3

Please complete the following patient origin chart for River Park Hospital:

River Park Patient Origin-2013

County	Admissions	%Total
Coffee	60	1.9%
DeKalb	136	4.3%
Grundy	74	2.3%
Van Buren	57	1.8%
Warren	2,633	82.8%

White	109	3.4%
Cannon	47	1.5%
Other	65	2.0%
Total	3,181	100.0%

According to data from the 2012 Joint Annual Report other than a 45.6% market share in Warren County and a 12.1% market share in Van Buren County, River Park Hospital had less than 10% inpatient market share in the other four counties (Coffee, Grundy, DeKalb, and White) of its declared service area. Please provide further justification for including these four counties in the applicant's declared service area.

Response: Psychiatric services are more regional in nature than general acute hospital services. Therefore, expanding beyond Warren County is reasonable, as is excluding adjacent counties where patients can receive such services at their local hospital. Thus, the original service area and bed need projected in the application is reasonable.

12. Section C., Need, Item 4.A.

Your response to this item is noted. Please complete the following chart using population projections provided by the Department of Health and US Census:

Demographic Data	Coffee County	DeKalb County	Grundy County	Van Buren County	Warren County	White County	Service Area Total	State of TN Total
Total 2014 Population	54,273	18,952	13,355	5,450	40,489	26,871	159,390	6,588,698
Total Population-	56,841	19,125	13,293	5,474	41,155	27,974	163,862	6,833,509
Total 2014 Population % Change	4.7%	0.9%	-0.5%	0.4%	1.6%	4.1%	2.8%	3.7%
65+ Pop. - 2014	8,115	3,337	2,637	1,118	6,823	5,051	27,081	981,984
65+ Pop. - 2018	7,380	3,678	2,792	1,259	7,203	5,375	27,687	1,102,413
65+ Population % Change	-9.1%	10.2%	5.9%	12.6%	5.6%	6.4%	2.2%	12.3%
65+ Population % of Total Population	15.0%	17.6%	19.7%	20.5%	16.9%	18.8%	17.0%	14.9%
Median Age	40	41	41	45	39	42	41	38
Median Household Income	\$38,151	\$36,713	\$26,644	\$31,940	\$34,008	\$34,717	\$33,696	\$44,140
TennCare Enrollees	10,884	4,431	4,340	1,165	9,193	5,882	35,895	1,190,766
TennCare Enrollees as % of Total Population	20.1%	23.4%	32.5%	21.4%	22.7%	21.9%	22.5%	18.1%
Persons Below Poverty Level	11,180	3,601	3,873	1,221	9,272	5,401	34,548	1,139,845
% of Total Population below Poverty Level	20.6%	19.0%	29.0%	22.4%	22.9%	20.1%	21.7%	17.3%

13. Section C., Need, Item 5.

Your response to this item is noted. Please expand your other area provider information by completing the following chart:

Facility	Psychiatric Beds	2010 Patient Days (PDs)	2011 PDs	2012 PDs	2013 PDs	2010-2013 % chng.	2010 % Occ.	2011 % Occ.	2012 % Occ.	2013 % Occ.	Accepts Involuntary Admits?
Highlands MC	10	245	267	3,059	3,036	1,139.2%	6.7%	7.3%	83.8%	83.2%	Yes
Stones River MC	22	5,820	5,635	5,225	2,787	-52.1%	72.5%	70.2%	65.1%	34.7%	Yes
So. TN MC	12	3,725	3,820	3,778	3,475	-6.7%	85.0%	87.2%	86.3%	79.3%	No
Grandview MC	18	4,515	5,694	5,842	4,329	-4.1%	68.7%	86.7%	88.9%	65.9%	Yes
Ten Broeck MC	32										
Riverview	7	0	0	2,559	2,506				100.2%	98.1%	Yes
McFarland	49	8,500	13,780	8,500	7,239	-14.8%	47.5%	77.0%	47.5%	40.5%	Yes

14. Section C., Need, Item 6. (The Applicant's Historical and Projected Utilization)

Your response to this item is noted: Please expand your projected utilization data by completing the following charts:

River Park Hospital Projected Inpatient Psychiatric Utilization

Measure	2015	2016
Beds	10	10
Age 0-54 Admissions	0	0
Age 55-64 Admissions		
Age 65+ Admissions		
Total Admissions		
Age 0-54 Patient Days		
Age 55-64 Patient Days	459	550
Age 65+ Patient Days	1,834	2,202
Total Patient Days	2,293	2,752
Average Length of Stay	6.28	7.54
% Occupancy	62.8%	75.4%

Please provide the details regarding the methodology used to project the utilization in the above chart. The methodology must include detailed calculations or documentation from referral sources. Providing only statements such as "based on past experience" will not be considered an adequate response.

Response: After establishing service area bed need on pages 15 and 16 of the original CON application, River Park Hospital projected a gradual ramp up of services on the proposed 10 beds amounting to 62.8% occupancy in Year 1 and 75.4% occupancy in Year 2. Next, occupancy was converted to total patient days. Total patient days were distributed by age cohort according to the age distribution found in the general population.

River Park Hospital Historical Inpatient Utilization

Licensed Beds	2010 Patient Days (PDs)	2011 PDs	2012 PDs	2013 PDs	2010-2013 % chng.	2010 % Occ.	2011 % Occ.	2012 % Occ.	2013 % Occ.
125	14,921	13,695	11,625	11,395	-23.6%	32.7%	30.0%	25.4%	25.0%

15. Section C., Economic Feasibility, Item 4 (Historical Data Chart)

The applicant's Historical Data Chart indicates that River Park Hospital reported net operating losses of \$4,143,969 and \$4,428,017 in Years 2012 and 2013, respectively. Please discuss in detail the impact of the hospital's financial position on the financial feasibility of the proposed project.

Response: The applicant has the cash on hand to undertake the project. As is detailed in the Projected Data Chart, the projected geri psych service is expected to generate a positive return beginning immediately in Year 1 of operation. Revenue generating services like the proposed geri psych unit will help the hospital's financial position overall.

16. Section C., Economic Feasibility, Item 4 (Projected Data Chart)

Does the applicant plan to hire a medical director for the geropsychiatric unit? If yes, please explain why there are no physician salaries and wages reported. Please explain why there are no taxes, interest, or management fees allocated to the proposed project.

Response: The applicant does plan to hire a medical director. The medical director services will be provided under a professional services agreement. All administrative costs related to this service will be paid from by professional fees as listed as in D.9 professional fees under operating expenses.

Please explain the \$6,000 listed for Rent

Response: The rent includes: MOB rent, Pyxis equipment (medication dispensing equipment), ventilators, and copiers.

Please provide a Projected Data Chart for River Park Hospital in total.

Response: Please see **Attachment E** for a Projected Data Chart for River Park Hospital in total (existing hospital services plus proposed geri psych unit).

17. Section C. (Economic Feasibility) 6.B.

The charge data from Highlands Medical Center is noted. Please provide similar information for the psychiatric units at Stones River Hospital, Southern Tennessee Medical Center, Grandview Medical Center, Riverview Hospital-South, and McFarland Hospital.

Response: Please refer to the table below.

Average Gross Charge Per Patient Day

Facility	Source	Charge
River Park Hospital	2015 Projection	\$2,825
Highlands Medical Center	2013 Actual	\$2,800
Rolling Hills Hospital	CN1312-051	\$1,534
Senior Health of Rutherford	CN1207-031	\$1,106
Parkridge Valley Hospital	CN1202-006	\$1,713
Select Specialty Hospital-Nashville	CN1210-053	\$3,397

18. Section C. (Economic Feasibility) Item 9.

Please complete the following chart for the proposed geriatric psychiatric unit:

Payor	2016 Gross Revenue	% of Total Revenues
Medicare	\$4,062,510	49.3%
Medicaid/TennCare	\$1,870,567	22.7%
Commercial insurance	\$1,540,952	18.7%
Self-Pay	\$601,548	7.3%
Total	\$8,075,577	98.0%

19. Section C. (Economic Feasibility) Item 10

According to the Capella Healthcare financial statements provided, Capella Healthcare reported a net loss of \$31.8 million on December 31, 2013. Please discuss what impact the net loss will have on the financial feasibility of the proposed project.

Response: These are challenging times, especially for small rural hospitals. Over the last several years, Capella has been making adjustments to hospitals and the services offered to better serve their communities. Programs such as the one proposed here will bring needed resources to the community while strengthening Capella's financial position.

July 24, 2014

3:05pm

20. Section C. Orderly Development, Item 3

The applicant has indicated that the staffing for the geropsychiatric unit is planned to be filled internally by existing staff in the Capella system. Does existing staff have experience in psychiatric nursing and/or specific training and/or certifications in psychiatric nursing? If not what is the level of difficulty in recruiting nurses with experience in psychiatry? Please discuss.

Response: The staffing for the geropsychiatric unit will be filled internally by existing staff in the Capella system who are experienced and have specific training and certifications in psychiatric nursing. Capella has experience in recruiting and retaining high level staff.

Has the applicant selected a medical director for the unit? If yes please provide this individual's curriculum vitae and documentation of applicable Board certifications. If not, what is the applicant's recruiting plans for hiring a qualified physician for this post?

Response: The applicant has not selected a medical director for the unit, but the recruitment process is under way and potential candidates have been identified.

Will the staffing for the unit include LPEs (Licensed Psychological Examiners), Psychologists, LCSWs (Licensed Clinical Social Workers), Master's Level Therapist, etc.?

Response: The staffing will include: a program director - RN, a community education manager - marketing, a social worker - licensed MSW, a licensed OT/AT/RT, and a psychiatric tech - clinical aid.

21. Section C. Orderly Development, Item 7

Your response to this item is noted. Please file the most recent complete survey report filed by the Joint Commission.

Response: Please see **Attachment F** for the most recent complete survey report filed by the Joint Commission.

Should you have any questions or require additional information, please do not hesitate to contact me.
As required, a signed affidavit attesting to this information is included in Attachment G.

Sincerely,



Joe Mazzo

Chief Operating Officer

cc: Warren Gooch
Bob Limyansky

Attachment A

Attachment D

FEDERAL MEDICALLY UNDERSERVED AREAS AND MEDICALLY UNDERSERVED POPULATIONS

County	MUAs/MUPs	
	Whole County	Partial County
Coffee	X	
DeKalb	X	
Grundy	X	
Van Buren	X	
Warren	X	
White	X	

Source: U.S. Department of Health and Human Services,
Health Resources and Services Administration, MUA/P by
State and County as published 7/23/2014

FEDERAL MEDICALLY UNDERSERVED AREAS FOR MENTAL HEALTH SERVICES

County	MUAs/MUPs	
	Whole County	Partial County
Coffee	X	
DeKalb	X	
Grundy	X	
Van Buren	X	
Warren	X	
White	X	

Source: U.S. Department of Health and Human Services,
Health Resources and Services Administration, MUA/P by State and
County as published 7/23/2014



July 24, 2014

3:05pm

January 15, 2014

Joint Commission ID#: 7866
Accreditation Activity: POC-MS
Accreditation Activity Due: 11/29/2013
Program: Hospital Accreditation
Program

Tim McGill
CEO
River Park Hospital
1559 Sparta Road
Mc Minnville, Tennessee 37110

Dear Mr. McGill:

The Joint Commission would like to thank your organization for participating in the Joint Commission's Accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services.

As a result of the recent information submitted for MS.01.01.01 Medical Staff plan of correction, The Joint Commission is pleased to inform you that you now meet the requirement for this standard.

Thank you for your participation and congratulations on your continued compliance with Joint Commission standards.

Sincerely,

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

September 12, 2013

Re: # 7866
CCN: #440151
Program: Hospital
Accreditation Expiration Date: June 01, 2016

Tim McGill
CEO
River Park Hospital
1559 Sparta Road
McMinnville, Tennessee 37110

Dear Mr. McGill:

This letter confirms that your May 29, 2013 - May 31, 2013 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on July 14, 2013 and September 11, 2013, The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of June 01, 2013.

The Joint Commission is also recommending your organization for continued Medicare certification effective June 01, 2013. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location(s):

Middle Tennessee Surgical Center
145 Health Way, McMinnville, TN, 37110

River Park Hospital
1559 Sparta Road, McMinnville, TN, 37110

We direct your attention to some important Joint Commission policies. First, your Medicare report is publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services
CMS/Regional Office 4 /Survey and Certification Staff

River Park Hospital
1559 Sparta Road
Mc Minnville, TN 37110

Organization Identification Number: 7866

Program(s)
Hospital Accreditation

Survey Date(s)
05/29/2013-05/31/2013

Executive Summary

Hospital Accreditation : As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day the survey report was originally posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	IC.02.02.01	EP2

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	EC.02.02.01	EP5
	LS.02.01.10	EP9
	LS.02.01.20	EP13
	MM.04.01.01	EP1
	MS.01.01.01	EP3,EP21,EP36
	RC.01.01.01	EP19
	RI.01.03.01	EP13
	TS.03.02.01	EP2

CoP: §482.24 **Tag:** A-0431 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(1)	A-0450	HAP - RC.01.01.01/EP19	Standard
§482.24(c)(4)(v)	A-0466	HAP - RI.01.03.01/EP13	Standard

CoP: §482.25 **Tag:** A-0490 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.25 Condition of Participation: Pharmaceutical Services

The hospital must have pharmaceutical services that meet the needs of the patients. The institution must have a pharmacy directed by a registered pharmacist or a drug storage area under competent supervision. The medical staff is responsible for developing policies and procedures that minimize drug errors. This function may be delegated to the hospital's organized pharmaceutical service.

CoP Standard	Tag	Corresponds to	Deficiency
§482.25(b)(5)	A-0507	HAP - MM.04.01.01/EP1	Standard

CoP: §482.41 **Tag:** A-0700 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.10/EP9, LS.02.01.20/EP13	Standard

CoP: §482.51 **Tag:** A-0940 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.51 Condition of Participation: Surgical Services

If the hospital provides surgical services, the services must be well organized and provided in accordance with acceptable standards of practice. If outpatient surgical services are offered the services must be consistent in quality with inpatient care in accordance with the complexity of services offered.

CoP Standard	Tag	Corresponds to	Deficiency
§482.51(b)	A-0951	HAP - IC.02.02.01/EP2	Standard

Chapter: Environment of Care
Program: Hospital Accreditation
Standard: EC.02.02.01

ESC 60 days

Standard Text: The hospital manages risks related to hazardous materials and waste.

Primary Priority Focus Area: Physical Environment

Element(s) of Performance:

5. The hospital minimizes risks associated with selecting, handling, storing, transporting, using, and disposing of hazardous chemicals.



Scoring

Category : C
Score : Partial Compliance

Observation(s):

EP 5

Observed in Tracer Visit at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site.

During review of the high level disinfection of transvaginal ultrasound probes in Radiology using OPA Cidex, it was noted that there was no eyewash station available within 10 seconds of travel from the disinfection site. The MSDS sheet for OPA Cidex recommends a 15 minute eyewash in the event of an eye splash with this reagent.

Observed in Tracer Visit at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site.

During review of the high level disinfection of transesophageal echocardiogram scopes using OPA Cidex also being performed in the Radiology department but at a different site, it was noted that there was no eye wash station accessible within 10 seconds of an accidental exposure. The MSDS sheet on OPA Cidex recommends a 15 minute rinse in the event of an eye splash.

Chapter: Infection Prevention and Control
Program: Hospital Accreditation
Standard: IC.02.02.01

ESC 45 days

Standard Text: The hospital reduces the risk of infections associated with medical equipment, devices, and supplies.

Primary Priority Focus Area: Infection Control

Element(s) of Performance:

2. The hospital implements infection prevention and control activities when doing the following: Performing intermediate and high-level disinfection and sterilization of medical equipment, devices, and supplies. * (See also EC.02.04.03, EP 4)

Note: Sterilization is used for items such as implants and surgical instruments. High-level disinfection may also be used if sterilization is not possible, as is the case with flexible endoscopes.

Footnote *: For further information regarding performing intermediate and high-level disinfection of medical equipment, devices, and supplies, refer to the website of the Centers for Disease Control and Prevention (CDC) at

http://www.cdc.gov/hicpac/Disinfection_Sterilization/acknowledg.html
(Sterilization and Disinfection in Healthcare Settings).



Scoring

Category :

A

Score :

Insufficient Compliance

Observation(s):

EP 2

§482.51(b) - (A-0951) - §482.51(b) Standard: Delivery of Service

Surgical services must be consistent with needs and resources. Policies governing surgical care must be designed to assure the achievement and maintenance of high standards of medical practice and patient care.

This Standard is NOT MET as evidenced by:

Observed in Tracer Visit at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

During tracer activities in Radiology where high level disinfection was performed on transvaginal ultrasound probes and Transesophageal echocardiogram scopes, it was noted that the bottle of Cidex OPA test strips had not been dated when opened. The test strips are to be discarded 90 days after opening per manufacturer's recommendations. Additionally, the test strips were not tested when they were opened to assure that they were not defective.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02.01.10

ESC 60 days

Standard Text:

Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.

Primary Priority Focus Area:

Physical Environment

Element(s) of Performance:

9. The space around pipes, conduits, bus ducts, cables, wires, air ducts, or pneumatic tubes that penetrate fire-rated walls and floors are protected with an approved fire-rated material.

Note: Polyurethane expanding foam is not an accepted fire-rated material for this purpose. (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.4.2)



Scoring

Category :

C

Score :

Partial Compliance

Observation(s):

EP 9

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

In the 1-hour smoke wall on the third floor by the nursing station there was a 3" EMT conduit sleeve containing cabling that was not completely sealed. There was an approximately 1-inch hole in the intumescent material where cabling had been removed.

Observed in Building Tour at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

There is a 1/2" EMT conduit which contains a computer cable and is penetrating the 2-hour rated fire wall above the doors to the Rehab unit that is not sealed.

Chapter: Life Safety
Program: Hospital Accreditation
Standard: LS.02.01.20

ESC 60 days

Standard Text: The hospital maintains the integrity of the means of egress.

Primary Priority Focus Area: Physical Environment

Element(s) of Performance:

13. Exits, exit accesses, and exit discharges are clear of obstructions or impediments to the public way, such as clutter (for example, equipment, carts, furniture), construction material, and snow and ice. (For full text and any exceptions, refer to NFPA 101-2000: 7.1.10.1)



Scoring

Category : C

Score : Partial Compliance

Observation(s):

EP 13

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

There was a patient satisfaction computer and one workstation on wheels located in the egress corridor by the 3rd floor nursing station.

Observed in Building Tour at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

A free-standing hand sanitizer stanchion was located in the egress corridor on the Rehab unit.

Chapter: Medical Staff
Program: Hospital Accreditation
Standard: MS.01.01.01

ESC 60 days

Standard Text: Medical staff bylaws address self-governance and accountability to the governing body.

Primary Priority Focus Area: Organizational Structure

Element(s) of Performance:

3. Every requirement set forth in Elements of Performance 12 through 36 is in the medical staff bylaws. These requirements may have associated details, some of which may be extensive; such details may reside in the medical staff bylaws, rules and regulations, or policies. The organized medical staff adopts what constitutes the associated details, where they reside, and whether their adoption can be delegated. Adoption of associated details that reside in medical staff bylaws cannot be delegated. For those Elements of Performance 12 through 36 that require a process, the medical staff bylaws include at a minimum the basic steps, as determined by the organized medical staff and approved by the governing body, required for implementation of the requirement. The organized medical staff submits its proposals to the governing body for action. Proposals become effective only upon governing body approval. (See the 'Leadership' (LD) chapter for requirements regarding the governing body's authority and conflict management processes.)

Note: If an organization is found to be out of compliance with this Element of Performance, the citation will occur at the appropriate Element(s) of Performance 12 through 36.

**Scoring****Category :**

A

Score :

Insufficient Compliance

21. The medical staff bylaws include the following requirements, in accordance with Element of Performance 3: The process, as determined by the organized medical staff and approved by the governing body, for selecting and/or electing and removing the medical executive committee members.

**Scoring****Category :**

A

Score :

Insufficient Compliance



36. The medical staff bylaws include the following requirements, in accordance with Element of Performance 3: If departments of the medical staff exist, the qualifications and roles and responsibilities of the department chair, which are defined by the organized medical staff, include the following:

Qualifications:

- Certification by an appropriate specialty board or comparable competence affirmatively established through the credentialing process.

Roles and responsibilities:

- Clinically related activities of the department
- Administratively related activities of the department, unless otherwise provided by the hospital
- Continuing surveillance of the professional performance of all individuals in the department who have delineated clinical privileges
- Recommending to the medical staff the criteria for clinical privileges that are relevant to the care provided in the department
- Recommending clinical privileges for each member of the department
- Assessing and recommending to the relevant hospital authority off-site sources for needed patient care, treatment, and services not provided by the department or the organization
- Integration of the department or service into the primary functions of the organization
- Coordination and integration of interdepartmental and intradepartmental services
- Development and implementation of policies and procedures that guide and support the provision of care, treatment, and services
- Recommendations for a sufficient number of qualified and competent persons to provide care, treatment, and services
- Determination of the qualifications and competence of department or service personnel who are not licensed independent practitioners and who provide patient care, treatment, and services
- Continuous assessment and improvement of the quality of care, treatment, and services
- Maintenance of quality control programs, as appropriate
- Orientation and continuing education of all persons in the department or service
- Recommending space and other resources needed by the department or service

Note: For hospitals that use Joint Commission accreditation for deemed status purposes: When departments of the medical staff do not exist, the medical staff is responsible for the development of policies and procedures that minimize medication errors. The medical staff may delegate this responsibility to the organized pharmaceutical service.

Scoring

Category : A

Score : Insufficient Compliance

Observation(s):

EP 3

Observed in Document Review at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site.
The medical staff bylaws had not been amended to comply with the requirements of elements of performance 21 and 36 outlined below.

EP 21

Observed in Document Review at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site.
During review of the medical staff bylaws, there were provisions for the selection and/or election of members to serve on the Medical Executive Committee, but the bylaws had no provision for the removal of such members if deemed necessary by the medical staff.

EP 36

Observed in Document Review at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site.
Medical staff bylaws provided for the organization of the medical staff into two clinical departments, Medicine and Surgery. The chairs of these departments are also considered medical staff officers. The only qualifications stipulated in the bylaws for these department chairs are that these individuals maintain membership in the active medical staff in good standing. There was no requirement stipulated in the bylaws for certification by an appropriate specialty board or comparable competence affirmatively established through the credentialing process.

Chapter:	Medication Management
Program:	Hospital Accreditation
Standard:	MM.04.01.01
Standard Text:	Medication orders are clear and accurate.
Primary Priority Focus Area:	Medication Management

ESC 60 days

Element(s) of Performance:

1. The hospital has a written policy that identifies the specific types of medication orders that it deems acceptable for use.

Note: There are several different types of medication orders.

Medication orders commonly used include the following:

- As needed (PRN) orders: orders acted on based on the occurrence of a specific indication or symptom
- Standing orders: A pre-written medication order and specific instructions from the licensed independent practitioner to administer a medication to a person in clearly defined circumstances
- Automatic stop orders: Orders that include a date or time to discontinue a medication
- Titrating orders: Orders in which the dose is either progressively increased or decreased in response to the patient's status
- Taper orders: Orders in which the dose is decreased by a particular amount with each dosing interval
- Range orders: Orders in which the dose or dosing interval varies over a prescribed range, depending on the situation or patient's status
- Orders for compounded drugs or drug mixtures not commercially available
- Orders for medication-related devices (for example, nebulizers, catheters)
- Orders for investigational medications
- Orders for herbal products
- Orders for medications at discharge or transfer



Scoring

Category :

A

Score :

Insufficient Compliance

Observation(s):

EP 1

§482.25(b)(5) - (A-0507) - (5) Drugs and biologicals not specifically prescribed as to time or number of doses must automatically be stopped after a reasonable time that is predetermined by the medical staff.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that titrating orders were written in the ICU. There was not a policy that addressed titrating orders as required.

Chapter: Record of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: RC.01.01.01

ESC 60 days

Standard Text: The hospital maintains complete and accurate medical records for each individual patient.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.



Scoring

Category : C
Score : Insufficient Compliance

Observation(s):

EP 19

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

During a patient tracer it was noted that an admission order in the OB unit was not timed by the provider as required by hospital policy.

Observed in Individual Tracer at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that the admission order written by the physician was not timed as required by policy.

Observed in Individual Tracer at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a History and Physical completed by the physician was not signed dated or timed as required by hospital policy.

Observed in Record Review at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

During a record review, it was noted that a patient consent dated on 5/12/13 was not dated or timed as required by hospital policy.

Chapter: Rights and Responsibilities of the Individual

Program: Hospital Accreditation

Standard: RI.01.03.01

ESC 60 days

Standard Text: The hospital honors the patient's right to give or withhold informed consent.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

13. Informed consent is obtained in accordance with the hospital's policy and processes and, except in emergencies, prior to surgery. (See also RC.02.01.01, EP 4)



Scoring

Category : C
Score : Partial Compliance

Observation(s):

EP 13

§482.24(c)(4)(v) - (A-0466) - [All records must document the following, as appropriate:]

(v) Properly executed informed consent forms for procedures and treatments specified by the medical staff, or by Federal or State law if applicable, to require written patient consent.

This Standard is NOT MET as evidenced by:

Observed in Record Review at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

During a record review, it was noted that consent for blood products was not witnessed by staff or the physician as required by hospital policy.

Observed in Record Review at River Park Hospital (1559 Sparta Road, Mc Minnville, TN) site for the Hospital deemed service.

During a record review, it was noted that consent for blood products was not witnessed by staff or the physician as required by hospital policy.

Chapter: Transplant Safety

Program: Hospital Accreditation

Standard: TS.03.02.01

ESC 60 days

Standard Text: The hospital traces all tissues bi-directionally.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

2. The hospital identifies, in writing, the materials and related instructions used to prepare or process tissues.



Scoring

Category : C

Score : Insufficient Compliance

Observation(s):

EP 2

Observed in Record Review at Middle Tennessee Surgical Center (145 Health Way, Mc Minnville, TN) site.

During closed chart review of a patient who underwent an ACL repair with implantation of a tibialis tendon graft, the tendon graft was reconstituted with normal saline but the manufacturer, lot number and expiration date of the saline solution were not documented.

Observed in Record Review at Middle Tennessee Surgical Center (145 Health Way, Mc Minnville, TN) site.

During closed chart review of a second patient who underwent an ACL repair with implantation of a tibialis tendon graft, the tendon graft was reconstituted with normal saline but the manufacturer, lot number and expiration date of the saline solution were not documented.

Observed in Record Review at Middle Tennessee Surgical Center (145 Health Way, Mc Minnville, TN) site.

During closed chart review of a third patient who underwent an ACL repair with implantation of a tibialis tendon graft, the tendon graft was reconstituted with normal saline but the manufacturer, lot number and expiration date of the saline solution were not documented.

Attachment G

July 24, 2014

3:05pm

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF WARRENNAME OF FACILITY: River Park Hospital

I, Joseph MAZZO, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Joseph MAZZO COO
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 18 day of July, 2014, witness my hand at office in the County of White, State of Tennessee.

Angie L. Dodson
NOTARY PUBLIC

My commission expires June 19, 2018.

HF-0043

Revised 7/02



SUPPLEMENTAL - #2 -COPY-

River Park Hospital

CN1407-030



River Park
Hospital

In partnership with Saint Thomas Health

SUPPLEMENTAL #2

July 30, 2014

9:54 am

July 29, 2014

Phillip Earhart, Health Services Examiner
Health Services Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RF: Certificate of Need Application CN1407-030
River Park Hospital
Supplemental Response 2

Dear Mr. Earhart:

Thank you for your letter of July 25, 2014 acknowledging your July 24, 2014 receipt of River Park Hospital's application for a Certificate of Need for the initiation of inpatient geriatric psychiatric services and the conversion of ten (10) medical/surgical beds to geriatric psychiatric beds.

As requested, River Park Hospital is submitting its responses in triplicate by 4:00 p.m., Tuesday, July 29, 2014.

1. Section B, Project Description, Item I.

The response if the proposed unit will offer a partial hospitalization service and/or outpatient program is noted. However, please list all geriatric intensive outpatient and partial hospitalization programs in the proposed service area. This will demonstrate the psychiatric continuum of care that is available.

Response: Given the population size within the proposed service area and the limited inpatient services offered, we believe an inpatient program is the most appropriate course of action for geriatric patients with medical co-morbidities. Comprehensive psychiatric services are extremely limited in the proposed service area. The proposed inpatient program at River Park Hospital will complement the following outpatient services. Volunteer Behavioral Health Care System CHEER Mental Health Center in McMinnville provides intensive outpatient services for co-occurring disorders, outpatient therapy (for individuals, families and groups) and psychiatric medication management, among other services. River Park Hospital intends to supplement its proposed inpatient program with intensive outpatient and partial hospitalization programs as demand grows.

July 30, 2014**9 :54 am****2. Section B., Project Description, Item IV. (Floor Plan)**

Your response to this item is noted. Please clarify the reason why eight of the ten beds are located on the opposite end of the hallway out of direct view of the nurse's station.

Please clarify where family visits will take place.

Please clarify where medications will be stored.

Response: The beds were located on the other end of the hallway due to the layout, in which this was the only way to retrofit 10 beds into one wing. The visits will take place in the patient room or the quiet room if otherwise deemed necessary. The medications will be stored in the room directly behind the nursing station, which is currently not labeled.

3. Section C., Economic Feasibility, Item 4 (Projected Data Chart)

The Projected Data Chart for River Park Hospital is noted. However, please clarify why are there no taxes assigned on either the Projected Data Chart for the proposed geriatric psychiatric unit or the hospital's Projected Data Chart?

It is noted the management fee of \$617,914 and interest in the amount of \$3,390,976 is assigned in Year One of the Projected Data Chart for River Park Hospital. Please explain why there are no interest or management fees allocated to the proposed project's Projected Data Chart.

The applicant indicates a portion of the \$6,000 rent is allocated to a medical office building. Please clarify if this space is for storage, non-patient use, etc.

Response: The consolidated River Park is showing a net loss. No income taxes would be due, per the project loss in 2015 \$1.6 million and 2016 \$1.0 million. The Geri-Psych project is a department that rolls into a consolidated report.

The management fee and interest is for the consolidated River Park only. The Geri-Psych program is projected to be funded via cash flow, so there is no additional interest expense. The management fee is calculated by our corporate office annually.

Lastly, the \$6,000 is related to the copier rental, not the medical office building.

4. Section C. (Economic Feasibility) 6.B.

The charge data chart in the supplemental is noted. However, please provide similar information for the psychiatric units at Stones River Hospital, Southern Tennessee Medical Center, Grandview Medical Center, Riverview Hospital-South, and McFarland Hospital. Please use the 2012 Department of Health final Joint Annual Report as your source of data.

July 30, 2014**9 :54 am**Response: Please refer to the table below.**Average Gross Charge Per Patient Day**

Facility	Source	Charge
River Park Hospital	2015 Projection	\$2,825
Highlands Medical Center	2013 Actual	\$2,800
Rolling Hills Hospital	CN1312-051	\$1,534
Senior Health of Rutherford	CN1207-031	\$1,106
Parkridge Valley Hospital	CN1202-006	\$1,713
Select Specialty Hospital-Nashville	CN1210-053	\$3,397
Stones River Hospital	JAR, 2012	\$1,435
Southern TN Medical Center	JAR, 2012	\$1,885
Grandview Medical Center	JAR, 2012	\$1,998
Riverview Hospital - South	JAR, 2012	\$1,578
McFarland Hospital	JAR, 2012	\$1,425

5. Section C. Orderly Development, Item 3

Please clarify if a psychiatric tech-clinical aid is the same as a nursing assistant as listed in Exhibit 12 on page 42 of the original application.

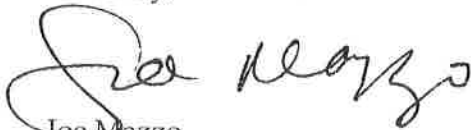
What will be the patient to staff ratio for the 7-3, 3-11 and 11-7 shifts?

The applicant has allocated a 1.0 FTE for an ER Assessment RN. Please clarify if this position will only assess geriatric patients, or any psychiatric patient that presents to the ER.

Response: The psychiatric tech is the same as the nursing assistant. The staffing will work in 12 hour shifts (day/night). The day shift will consist of 2 RN's and 1 NA for a 5:1 ratio. The night shift will consists of 1 RN, 1 NA, and 1 LPN equal to a 5:1 ratio. The ER assessment RN will assess all patients with behavioral health complaints.

Should you have any questions or require additional information, please do not hesitate to contact me. As required, a signed affidavit attesting to this information is attached.

Sincerely,



Joe Mazzo

Chief Operating Officer

cc: Warren Gooch
Bob Limyansky

July 30, 2014**9:54 am****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF WarrenNAME OF FACILITY: River Park Hospital

I, Joseph MAZZO, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Joseph Mazzo COO
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28 day of July, 2014, witness my hand at office in the County of White, State of Tennessee.

Angie L. Dodson
NOTARY PUBLIC

My commission expires June 19, 2018.

HF-0043

Revised 7/02





**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Southern Standard which is a newspaper
(Name of Newspaper)
of general circulation in Warren, Tennessee, on or before July 9, 2014,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

River Park Hospital, LLC an existing Hospital
(Name of Applicant) (Facility Type-Existing)
owned by: Capella Healthcare, Inc. with an ownership type of For-Profit Corporation
and to be managed by: River Park Hospital intends to file an application for a Certificate of Need
for [PROJECT DESCRIPTION BEGINS HERE]: the initiation of geriatric psychiatric services at River Park Hospital. The
project proposes the conversion of ten (10) of the hospital's existing licensed general medical/surgical beds to
geriatric psychiatric beds. Renovation of approximately 5,066 square feet of existing space on the third floor
of River Park Hospital will be required. No new beds or major medical equipment are being requested for the
project. The total cost of the project is estimated to be \$1,199,250.
The anticipated date of filing the application is: July 14, 2014

The contact person for this project is Joseph Mazzo Chief Operating Officer
(Contact Name) (Title)
who may be reached at: River Park Hospital 1559 Sparta Street
(Company Name) (Address)
McMinnville TN 37110 931 / 815-4203
(City) (State) (Zip Code) (Area Code / Phone Number)

Joseph Mazzo 7/3/14 Joseph.Mazzo@cappellahealth.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: September 30, 2014

APPLICANT: River Park Hospital
1559 Sparta Street
McMinnville, Tennessee 37110

CN1407-030

CONTACT PERSON: Joseph Mazzo, Chief Operating Officer
1559 Sparta Street
McMinnville, Tennessee 37110

COST: \$1,199,250

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, River Park Hospital, LLC, located in McMinnville (Warren County), Tennessee, seeks Certificate of Need (CON) approval for the initiation of inpatient geriatric services at their facility located at 1559 Sparta Street, McMinnville. The applicant proposes to convert 10 of their existing medical/surgical beds to geriatric psychiatric beds. Renovation of approximately 5,066 square feet of existing space on the third floor will be required at a cost of \$192.46 per square foot. No new beds or major medical equipment are being requested.

River Park Hospital was purchased by Capella Healthcare in November of 2005. In May 2012, Capella Healthcare and Saint Thomas Health finalized a partnership designed to improve healthcare throughout Middle Tennessee and Southern Kentucky. This partnership resulted in the joint ownership and operation of Capella's four Middle Tennessee hospitals, including River Park Hospital, Highlands Medical Center, DeKalb Community Hospital, and Stones River Hospital. Highlands Medical Center is the only facility in the service area that currently has geriatric psych beds (10 beds). These hospitals operate as part of the Saint Thomas Network, which holds an equity interest. Saint Thomas Health is the tertiary care partner for the hospitals within the new venture. Capella is the managing member and the majority partner in the venture, and is the exclusive development partner for Saint Thomas Health across Middle Tennessee and Southern Kentucky.

The total estimated project cost is \$1,199,250 and will be funded through cash reserves as verified in a letter from the Vice President of Finance located in Attachment C, Economic Feasibility-2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area includes Coffee, DeKalb, Grundy, Van Buran, Warren, and White counties. The population projections for the total population and age 18+ population are illustrated in the following charts.

18+ Service Area Total Population 2014 and 2018

County	2014 Population	2018 Population	% of Increase/ (Decrease)
Coffee	41,958	44,096	5.1%
DeKalb	14,773	15,003	1.6%
Grundy	10,379	10,456	0.7%
Van Buren	4,401	4,436	0.8%
Warren	30,909	31,728	2.6%
White	20,929	21,777	4.1%
Total	123,349	127,496	3.4%

Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics, 2020,
June 2013, Revision

River Park Hospital's geriatric psych program will serve patients who are often viewed as underserved by psychiatric providers including 1) violent patients if capacity is available and the patient is otherwise a candidate for treatment; 2) patients with a financial class of TennCare or who are medically indigent; 3) patients who are geriatric and have special needs, and patients with complex co-morbidities such as dialysis, IV fluids, total parenteral nutrition, detoxification, and urinary tract infections.

The applicant proposes a 10-bed geriatric psych unit that will be located in 4 semi-private rooms (8-beds) and 2 private rooms. In addition, the unit will have a quiet room, a noisy room, and two other private bedrooms which can be suited for temporarily restraining patients. Family visits will occur in the patient's rooms or in the quiet rooms if necessary.

The unit will have a new secure entry (locked). Renovations will include new doors, observation windows, nursing station, and closed circuit television monitors. Patients requiring socialization skills will reside in semi-private rooms while those who exhibit disruptive behaviors will occupy the private rooms. River Park will focus on patients with dual medical-surgical and psychiatric diagnoses; however, the hospital does not anticipate admitting some patients needing longer term care.

The current psychiatric bed need criterion does not specifically address the geriatric psychiatric population.

- 1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).***
- 2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.***
- 3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.***
- 4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.***

Using the above criteria, there is a total bed need of 39.1 beds in the service area in 2018. Subtracting the existing 10 beds located at Highlands Medical Center, there is a bed need of 29.1 beds.

River Park Hospital developed an alternative, age-adjusted methodology to project the need for geriatric psych inpatient beds by using Nielsen Claritias population data.

To project need, a statewide age-adjusted rate was determined, using actual geriatric psych inpatient volumes from the 2012 Joint Annual Report of Hospital. This amounted to a use rate of 15,007 geriatric psych patient days for 100,000 population statewide. This methodology resulted in a need for 41.1 geriatric psych beds statewide at full occupancy. Assuming a 70% desired occupancy rate, this equates to a need for 58.7 geriatric psych beds per 100,000 (41.1/070). Next, this use rate was applied to the six-county service area geriatric population for year two of the proposed project (2016). This results in a gross need for 18.5 geriatric psych beds in 2016 at 60% desired occupancy. Existing beds were taken into account to arrive at a net bed need. This results in a deficit of 8.5 geriatric psych beds in the six county-service area by year two of the proposed project. In this application, the applicant requests the conversion of 10 medical/surgical beds to geriatric psych beds to meet this need (8.5 + 1 seclusion bed= 9.5=10 bed program).

In Supplemental 1, the applicant was asked to use the State's bed need formula from the Guidelines for Growth. The applicant's service area totals were as follows: Total population=163,862; Adult 20+ (Guidelines for Growth stipulates 18+)=123,273; Geriatric 55+ (Guidelines for Growth does not define geriatric)=48,135; Gross Need for total population= 49.2; Gross Need Adult 20+=37.0, Gross Need Geriatric 55+=14.4; Existing Beds=Adult 20+=10, Geriatric 55+=0; Net Need Total=49.2, Adult Net Need 20+=37.0, Geriatric Net Need 55+=4.4.

Utilizing the version generated by the applicant results in their assertion of a 4.4 bed need for Geriatric 55+. Applying their 70% utilization standard to this, the applicant projects a need for 8 beds.

The following chart illustrates the 2012 Joint annual Report of Hospitals reported licensed and staff beds and their occupancy.

2012 Service Area Acute Care Hospitals Licensed and Staffed Bed Occupancy

Facility	Licensed Beds	Staffed Beds	Licensed Occupancy	Staffed Occupancy
River Park Hospital	125	48	25.5%	66.4%
*Highlands Medical Center	60	44	32.8%	44.8%
Harton Regional Medical Center	135	107	45.0%	56.8%
Medical Center of Manchester	25	16	63.7%	99.6%
United Regional Medical Center	54	36	18.0%	27.0%
DeKalb Community Hospital	71	56	15.8%	20.1%

Source: *Joint Annual Report of Hospitals 2012*, Division of Health Statistics, Tennessee Department of Health

**Highlands Medical Center has 10 geriatric psych beds.*

TENNCARE/MEDICARE ACCESS:

The applicant participates in the Medicare and Medicaid programs. River Park Hospital contracts with AmeriChoice, AmeriGroup, United Healthcare Community Plan, and TennCare Select.

The applicant projects 2016 gross Medicare revenues of \$4,062,510 or 49.3% of total revenues and TennCare gross revenues of \$1,870,567 or 22.7% of total revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located in the application on page 30. The total project cost is \$1,199,250.

Historical Data Chart: The Historical Data Chart is located on page 33 of the application. The applicant reported 13,695, 11,625, and 11,395 patient days in 2011, 2012, and 2013,

respectively. The applicant reported net operating revenues of (\$743,498), (\$4,143,969), and (\$4,428,017) each year, respectively.

Projected Data Chart: The Projected Data Chart is located on in Supplemental 1. The applicant projects 13,688 patient days in year one and 14,375 patients days in year two, respectively. The total net operating revenue in year one is projected to be (\$1,608,049) and (\$1,022,372) in year two of the project.

The applicant estimates an average daily gross charge of \$2,825 in year one and \$2,994 in year two of the project. Highlands Medical Center's current charge is \$2,800 per day.

The applicant considered three alternatives to the proposed project. First, they considered maintaining the status quo; second, expanding outside the River Park campus, which was considered too costly; and third, renovation of existing space. The later was deemed the most appropriate use of the facility, finances, and staff resources.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides a listing of all contractual and working relationships they have for health services on page 39 and 40 of the application.

The applicant believes per their methodology, they have established a need for geriatric psychiatric service and that the project will have a positive effect on the health care system.

The applicant proposes the following staffing for the project:

Position	Proposed
Register Nurse	6.3 FTE
Nursing Assistant	4.2 FTE
LPN	2.1 FTE
Director of Geri-Psych	1.0 FTE
AT/RT	1.4 FTE
Nurse Manager	1.0 FTE
Community Ed. Manager	1.0 FTE
Social Worker	1.0 FTE
Program Unit Secretary	1.0 FTE
ER Assessment Nurse	1.0 FTE

The applicant is licensed by the Tennessee Department of Health and accredited by The Joint Commission.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

PSYCHIATRIC INPATIENT SERVICES

A. Need

1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in Joint Annual Reports).
2. For adult programs, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.

Using the above criteria, there is a total bed need of 39.1 beds in the service area in 2018. Subtracting the existing 10 beds located at Highlands Medical Center, there is a bed need of 29.1 beds.

3. For child inpatient under age 13, and if adolescent program the age group of 13-17 should be used.

This criterion is not applicable.

4. These estimates for total need should be adjusted by the existent staffed beds operating in the area as counted by the Department of Health in the Joint Annual Report.

There is a total bed need of 39.1 beds in the service area in 2018. Subtracting the existing 10 beds located at Highlands Medical Center, there is a bed need of 29.1 beds.

The applicant was asked by HSDA to use the State's bed need formula from the Guidelines for Growth. The applicant's service area totals were as follows: Total population=163,862; Adult 20+ (Guidelines for Growth stipulates 18+)=123,273; Geriatric 55+ (Guidelines for Growth does not define geriatric)=48,135; Gross Need for total population= 49.2; Gross Need Adult 20+=37.0, Gross Need Geriatric 55+=14.4; Existing Beds=Adult 20+=10, Geriatric 55+=0; Net Need Total=49.2, Adult Net Need 20+=37.0, Geriatric Net Need 55+=4.4.

Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity or the Community Service Agency.

The six-county service area represents 96% of River Park Hospital's inpatient discharges in 2012.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

The applicant states the 65 and older population in the service area and is very strong. The elderly population is the targeted users of geriatric psych services; therefore, the demand for this project is anticipated to increase.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

The applicant states this project is consistent with all "Five Principals for Achieving Better Health" as listed in the Tennessee State Health Plan.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

All six of the service area counties are Medically Underserved Areas (MUA).

3. The impact of the proposal on similar services supported by state appropriations should

be assessed and considered.

The applicant states this project will have a minimal impact on Middle Tennessee Mental Health Institute and Moccasin Bend Mental Health Institute due to need projections indicating the majority of the admissions will be service area residents.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

The applicant states they will accept voluntary and involuntary patients.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

The applicant currently participates in both programs and intends to continue to do so.

D. Relationship to Existing Similar Services in the Area

1. The area's trends in occupancy and utilization of similar services should be considered.

The applicant discusses their methodology in the Need Section of this report.

2. Accessibility to specific special need groups should be an important factor.

River Park Hospital's geriatric psych program will serve patients who are often viewed as underserved by psychiatric providers including 1) violent patients if capacity is available and the patient is otherwise a candidate for treatment; 2) patients with a financial class of TennCare or who are medically indigent; 3) patients who are geriatric and have special needs, and patients with complex co-morbidities such as dialysis, IV fluids, total parenteral nutrition, detoxification, and urinary tract infections.

E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

The applicant states, "River Park Hospital will remain compliant with the Tennessee Department of Mental Health's licensure requirements".



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

ANDREW JACKSON BUILDING, 6TH FLOOR
500 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0675

BILL HASLAM
GOVERNOR

E. DOUGLAS VARNEY
COMMISSIONER

MEMORANDUM

TO: Melanie Hill, Executive Director
Health Services and Development Agency

CC: Department of Health
E. Douglas Varney, Commissioner, TDMHSAS
Marie Williams, Deputy Commissioner, TDMHSAS
John Arredondo, Assistant Commissioner, Hospital Services, TDMHSAS

FROM: Sandra Braber-Grove, Assistant General Counsel
Director, Office of Contracts and Privacy/Division of General Counsel *Sandra Braber-Grove*

DATE: October 15, 2014

RE: Certificate of Need Application
River Park Hospital
CN1407-030

The subject CON application (CN1407-030) is for the initiation of inpatient geriatric psychiatric (gero-psych) services by converting ten (10) medical-surgical beds to gero-psych beds at the 125-bed River Park Hospital facility located in McMinnville, Warren County, Tennessee. This request will not result in any new beds at the facility, but does require renovation of approximately 5,066 square feet of existing space on the third (3rd) floor of the facility. The proposed service area is comprised of the following Tennessee Counties: Coffee, DeKalb, Grundy, Van Buren, Warren, and White.

The Tennessee Department of Health is, and will continue to be, the licensing agency for the River Park Hospital facility. As the licensing agency, the Department of Health will analyze the standards and criteria and issue the full report. There are specific criteria for psychiatric inpatient services set forth in the publication Tennessee's Health: Guidelines for Growth, 2000 Edition.

The Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) was asked to review the application to address the need for additional gero-psych beds in the Applicant's proposed service area comprised of the following Tennessee Counties: Coffee, DeKalb, Grundy, Van Buren, Warren, and White. Since this is for the initiation of new services (those not currently being provided), we also reviewed the proposed staffing pattern for the proposed gero-psych unit; the credentials and experience of the proposed staff for the proposed gero-psych unit; and the layout of the proposed unit, particularly from a safety perspective -- Is the unit designed in such a way to provide a safe environment for both patients and staff?

This memorandum, as mentioned, will address the need for additional gero-psych beds, the staffing, and the layout of the proposed unit. Economic feasibility will not be addressed.

Several staff members of the TDMHSAS have reviewed and analyzed the application and offer the following in general support of approval of the application.

As explained in the Executive Summary (Pages 000007 and 000008; Pages 6 and 7), River Park Hospital, LLC was purchased by Capella Healthcare in November 2005. The Applicant reports that since that time Capella has emerged as a "national leader in the development and operation of healthcare facilities in non-urban markets" and has acquired a total of nine (9) hospitals. The Applicant further reports that in May 2012, Capella Healthcare and Saint Thomas Health finalized a partnership agreement that resulted in the joint ownership and operation of Capella's four (4) Middle Tennessee hospitals, including River Park Hospital and Highlands Medical Center in Sparta (White County) -- the facility in the Applicant's service area that has an existing ten (10)-bed gero-psych unit. As will be explored later, the Applicant reports that there is a need for additional gero-psych beds in the six (6)-county service area because the existing ten (10)-bed unit at Highlands Medical Center is "well utilized", having an average daily census of 8.4 patients, representing an 83.8% occupancy. The Applicant reports that elderly patients utilize inpatient psychiatric services at a much higher rate than the general population and the project will serve an unmet need for these services to this population (individuals 65+ years of age). The Applicant further reports that the anticipated growth in this age group within the service area is nearly eight times that of the total growth -- between 2014 and 2019, the elderly population is expected to increase 14.5% (4,026 residents); the total five-year growth for this age group is projected to be 19.3% for Tennessee and 18.0% for the United States. The Applicant reports that it sees this as a need for them to anticipate increasing demand for gero-psych services. The Applicant reports that the project will expand these services to a segment of the population projected to experience the greatest growth through 2030; will provide these services to patients requiring inpatient psychiatric care, voluntary and involuntary; and is not expected to have a significant impact on Highlands Medical Center (Applicant's sister facility) in light of its occupancy rate.

Need

A note about inpatient psychiatric beds. As mentioned in a report for an earlier CON application, the Guidelines for Growth publication specifies a formula of thirty (30) beds per a population of one hundred thousand (100,000) to determine the need for inpatient psychiatric beds. As also mentioned in that earlier report, in practice, application of the formula has often resulted, but does not always result, in an underestimation of the number of inpatient psychiatric beds needed due to the impact of other factors on bed utilization, including: the willingness of the provider to accept emergency involuntary admissions; the extent to which the provider serves the TennCare population and/or the indigent population; and the number of beds designated as "specialty" beds (gero-psych units or units established to treat patients with specific diagnoses). These factors limit the availability of beds for the general population, as well as for specialty populations, depending on how the beds are distributed.

Is There a Need?

The population chart submitted by the Applicant (Page 000022; Page 21) shows a total service area population (for this age group) of 27,697 and 31,723 in 2014 and 2019, respectively. When the formula of 30 beds per a population of 100,000 is applied, it shows a need of 8.3 beds in 2014 and 9.5 beds in 2019 for the 65+ years of age population. When factoring in the existing ten (10) beds, it appears that there are enough beds in the proposed service area to meet the need. However, as we have seen in the review of other applications, other factors are taken into consideration to determine whether additional resources are needed: utilization of existing resources; location of existing resources; and expected population growth, especially in this particular age group. In this case, the utilization of existing resources (83.8% occupancy) appears to show that the service area might be able to support additional resources. We would have liked to have seen statistics showing the number of turn-aways for these existing beds, and/or statistics showing the numbers of people in the service area in need of these services who travel outside the area to obtain them. The Applicant conducted an age-adjusted bed need projection (Page 000016; Page 15) using a use rate of 15,007 gero-psych bed days per 100,000 population.

This calculation resulted in the equivalent of a need for 41.1 gero-psych beds per 100,000 population rather than the 30 beds per 100,000 population currently in the Guidelines. Further, the Applicant used a 70% desired occupancy rate, which resulted in a need of 58.7 gero-psych beds per 100,000 population and applied this to the six (6)-county service area. As shown on Page 000017 (Page 16), the Applicant reports a net bed need of 8.5 gero-psych beds for the six (6)-county service area by Year 2 (2016) of the project [gross need of 18.5 less the ten (10) existing beds in the service area]. Using the population figures presented on Page 000022 (Page 21) and the Applicant's recalculated 41.1 beds per 100,000 results in a need of 11.4 and 13.0 in 2014 and 2019, respectively. Considering that there are ten (10) beds in existence in the service area, there is an unmet need of only 1.4 beds and 3.0 beds in each year. If the Applicant's 58.7 beds per 100,000 is used, these numbers increase to 16.3 beds and 18.6 beds in each year. Again taking into consideration the ten (10) existing beds, there appears to be an unmet need of only 6.3 beds and 8.6 beds in each year. Each calculation appears to show a smaller number than the number being requested. However, as we have seen in the review of other applications, there are many different numbers that can be used and many different calculations that can be performed; and we have seen that the numbers alone do not tell the entire story.

As mentioned previously, the existing gero-psych beds in the six (6)-county area are being utilized at a rate of 83.8%, with an average daily census of 8.4. When existing beds are used at a high rate of occupancy, that leaves a smaller number of beds available when need arises, which could point to a need for additional resources in the area. As mentioned above, we would have liked to have seen statistics showing the number of turn-aways for these existing beds and/or statistics showing the numbers of people in the service area in need of these services who travel outside the area to obtain them. The Applicant reports that its program will serve patients who are often viewed as underserved by other psychiatric providers, including 1) violent patients if capacity is available and the patient is otherwise a candidate for treatment; 2) TennCare or medically indigent patients; and 3) patients who have special needs and complex co-morbidities such as dialysis, intravenous fluids, total parenteral nutrition, and other complex conditions. The Applicant reports (Supplemental #1) that patients requiring socialization skills will be kept in semi-private rooms (there will be four (4)) while those exhibiting disruptive behaviors are better suited for the private rooms (there will be two (2)). The Applicant also reports (Supplemental #1) that this project will improve access to mental health care for this age group by enhancing the availability of these services within an existing hospital to meet the needs of elderly psychiatric patients, including those with a dual diagnosis (medical-surgical and psychiatric conditions). The Applicant reports that patients presenting at the hospital are in need of both medical and psychiatric care, and they are presently not able to meet both those needs. This project will also give the Applicant the ability to collaborate with other local medical providers to treat these patients. It is also reported that each of the six (6) counties in the proposed service area is designated as a Medically Underserved Area and designated as a Health Professional Shortage Area by the Health Resources and Services Administration as having a shortage of mental health providers.

The Applicant also reports that its program will bring these services closer to home, reducing the number of patients needing to travel outside the service area for these services. As mentioned, we would have liked to have seen numbers to support this statement. The HSDA Staff report indicates that the distance from the current Highlands Medical Center to the six (6) counties in the service area ranges from 15 miles (to Spencer) to 56.9 miles (Altamont). The distance between Highlands Medical Center and River Park Hospital is 29.3 miles. A distance chart was submitted in Supplemental #1 that shows distances to other facilities. The Applicant reports (Supplemental #1) that psychiatric services are "more regional in nature than general acute hospital services", therefore, the Applicant expects a fair amount of in-migration of patients, which is reported to support the need for the requested ten (10) gero-psych beds. As noted elsewhere, the Applicant reports that patients presenting at the hospital are in need of both medical and psychiatric care and adding these services will put them in a better position to provide an improved continuity of patient care, one that is coordinated with local physicians.

It is noted that there are letters of support from the Warren County Sheriff's Department, Warren County Economic Development, Warren County Chamber of Commerce, and

others; CHEER Mental Health Center (a Division of the Volunteer Behavioral Health Care System), NHC Health Care of McMinnville, SunCrest Home Health, and others; as well as support from Senator Bowling. The letters speak to the need for these services in the area to benefit those who travel outside the community for these services, bringing that care to the local community will allow the recipients of these services to be closer to family, friends, and their personal physician while receiving these services. Providing services to individuals in the community in which they live is a concept that we have long supported and continue to support. The Department is not aware of any opposition at this time.

Staffing

The TDMHSAS Director of Hospital Services has noted that a safe staffing pattern at any psychiatric facility would have at least two (2) persons on duty each shift, on each unit, with the appropriate credentials and experience, to be responsible for the care of patients on the unit. The Applicant reports (Supplemental #1) that the staff for the gero-psych unit will be filled internally by existing staff in the Capella system who are experienced and have specific training and certifications in psychiatric nursing. The Applicant reports that Capella has experience in recruiting and retaining high level staff. Staff of TDMHSAS have reviewed the proposed staffing pattern and credentials and experience of the proposed staff and have concluded that it is appropriate for the proposed gero-psych unit.

Layout of the Proposed Unit

The Applicant reports (Supplemental #1) that a new, secure entry (locked) will be created on the unit to ensure patient safety. There will be new doors, observation windows, nursing station, and closed circuit television cameras. However, as noted, several staff members of the TDMHSAS reviewed the application. The consensus of opinion on the layout was concern with the "line of sight" from a room at the end of the unit (the "noisy" room) to patient rooms. There also appears to be no "line of sight" to the patient rooms from the room identified as the "staff room". This raises the question of whether the proposed unit provides the level of safety needed for a psychiatric unit.

Please feel free to contact us if you have any questions or want any additional information.


sbg



110 S. Court Square
P. O. Box 574
McMinnville, TN 37111
Tel: 931.473.6611
Fax: 931.473.4741
www.warrentn.com

September 15, 2014

Melanie M. Hill, Executive Director
Health Services and Development Director
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I understand that River Park Hospital is putting forth a proposal to develop an inpatient geriatric psychiatric program by converting some of its existing hospital beds. I would like to take this opportunity to give my strong support and wholehearted recommendation to their project.

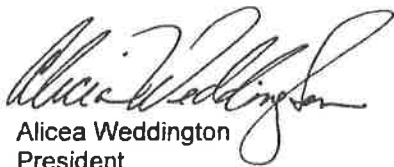
I realize that the Commission receives a great deal of correspondence regarding CON applications, but I want to stress that geriatric psychiatric service is very much needed in our area of the state. This facility would be of immense benefit to many individuals who must now travel outside our community, often to other areas of the state, for this type of specialized care.

The proposal put forth by River Park Hospital would be an important step forward to ensure the best possible health care to citizens of Warren County and of Middle Tennessee.

I would encourage you to award a Certificate of Need so River Park Hospital can provide these much needed additional health care services.

Thank you for your time and consideration.

Sincerely,



Alicea Weddington
President



00121404255

September 30, 2014

Melanie Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Re: River Park Hospital
CN1407-030

Dear Ms. Hill:

Capella Healthcare owns and operates four Tennessee hospitals, including River Park Hospital and Stones River Hospital in Woodbury. This will confirm that prior to implementation of the certificate of need requested by River Park to initiate geriatric psychiatric services, Stones River Hospital will file a certificate of need application to reduce its psychiatric unit by 10 beds and to redistribute them as acute care beds.

Please do not hesitate to contact me should you have any questions.

Sincerely,



Mark B. Medley
Senior Vice President and President of
Hospital Operations
Capella Healthcare

cc: Tim McGill, CEO, River Park Hospital
Sue Conley, CEO, Stones River Hospital

CHEER *Mental Health Center*

120 Omni Drive

McMinnville, Tennessee 37110

931-473-9649 Phone

931-473-4223 Fax

A Division of Volunteer Behavioral Health Care System

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building North Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I understand River Park Hospital is putting forth a proposal to develop an inpatient geriatric psychiatric program. I would like to take this opportunity as the Regional Director of CHEER Mental Health Center, a division of Volunteer Behavioral Health Care, to give my strong support and recommendation to their project.

I realize the commission receives a great deal of correspondence regarding Certificate of Need applications. I want to stress my strong personal belief, geriatric psychiatric services are needed in our community and surrounding communities. At CHEER, we see approximately 5000 patients per year, who primarily come from Warren, Van Buren and Dekalb Counties. We have no inpatient geriatric psychiatric unit serving our catchment area. CHEER has fifteen geriatric psychiatric beds at McMinnville Boarding Home. The proposed unit at River Park would be especially beneficial for these patients.

In an aging community which caters to retirees, the proposal put forth by River Park Hospital would be an important step forward to ensure the best health care to citizens of Warren County and Middle Tennessee.

I encourage you to award a Certificate of Need so River Park Hospital can provide these much needed additional health care services.

Sincerely,



K. Jane Stewart M Ed
Regional Director, CHEER Mental Health Center
120 Omni Drive
McMinnville, TN 37110

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I would like to pledge my full support for River Park Hospital's proposal to convert 10 medical-surgical hospital beds to ten Geropsych beds.

As Chief of Staff for River Park Hospital, I realize the advantages of having a health care provider committed to serving the present and future needs of the citizens of Warren County and surrounding communities. My elderly patients requiring psychiatry services are required to travel out of the county which causes a hardship for both the patient and their family members. Granting this CON request will allow my patients access to psychiatry services closer to family and friends.

River Park Hospital has always upheld the idea of commitment to better health care over the years. This facility has played a vital role in social and economic health to all individuals. Thank you for your favorable consideration of this project.

Sincerely,



Harry Burck, MD
Chief of Staff



JIMMIE D. WOODLEE, MD
FAMILY PRACTICE

JIMMIE D. WOODLEE, MD
FAMILY PRACTICE

ROBERT A. STEINER, PA-C
FAMILY PRACTICE

TIFFANY GANNON, F.N.P.

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I am a Family Practice physician; born and raised in McMinnville, TN. I wish to support River Park Hospital's development of an Inpatient Geropsych unit. I have patients and individuals who from time to time must be treated for mental health problems. Granting this CON will assist individuals who normally have to be sent out of town for this type of service.

River Park Hospital has made a strong commitment to improve access to care for patient in our area. Without question, having a local Geropsych program available will help keep patients close to their homes and loved ones.

Ms. Hill, thank you for considering River Park Hospital's application. This project is vital for providing our elderly population access to psychiatric services within their own community.

Sincerely,

Jimmie Woodlee, MD
Service Chief of Medicine
River Park Hospital

155 HEALTH WAY, SUITE 2 • McMINNVILLE, TN 37110
PHONE: 931-473-4214 • FAX: 931-473-0666

0018190254

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

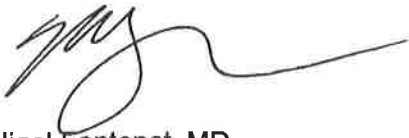
Dear Ms. Hill:

I would like to pledge my full support for River Park Hospital's proposal to convert 10 medical-surgical hospital beds to 10 Geropsych beds.

As the Emergency Department Medical Director for River Park Hospital, I realize the advantages of having a health care provider committed to serving the present and future needs of the citizens of Warren County and surrounding communities. One of the top diagnosis for patients transferred from River Park Hospital are patients requiring treatment for psychiatric related issues. Having this service available would expedite treatment for these patients and allow them an opportunity to remain close to home and family while receiving the treatment and care they require.

River Park Hospital has always upheld the idea of commitment to better health care over the years. This facility has played a vital role in social and economic health to all individuals. Thank you for your favorable consideration of this project.

Sincerely,



Nigel Fontenot, MD
ED Medical Director
EmCare



October 4, 2014

Melanie M. Hill, Executive Director
Health Services and Development Director
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, Tennessee 37243

Dear Ms. Hill:

River Park Hospital has for many years been a major employer for McMinnville and Warren County. In addition this health care facility has always been a strong corporate neighbor for all of the residents living in this region.

For this reason and many more, our Industrial Development Board is excited to be on notice of their potential expansion of an inpatient geriatric psychiatric program. This is just one more bit of evidence that our area is in a thrilling time of growth. We give our wholehearted recommendation and strong support to their project.

Your research and mine, I am sure, convinces us that as our baby-boomer population ages, more facilities similar to this project are going to be needed throughout our great country. We are very fortunate that we have leadership in our healthcare community that can foresee and plan for these future needs.

If additional information can be provided to convince you and your staff to award a Certificate of Need so River Park can continue to meet the needs of our region and provide these much needed health care services, please feel free to contact us.

Best regards,

Don Alexander, Executive Director

INDUSTRIAL DEVELOPMENT BOARD OF MCMINNVILLE-WARREN COUNTY, TENNESSEE

110 South Court Square, Suite A200

McMinnville, TN 37110

www.wcidb.com

Phone: (931)474-4769

Fax: (931)474-4479

Email: director@wcidb.com



OFFICE OF
LISA ZAVOGIANNIS
DISTRICT ATTORNEY GENERAL
31st JUDICIAL DISTRICT

131 East Main Street
P.O. Box 510
MCMINNVILLE, TENNESSEE 37111
(931) 473-9572
Fax: (931) 474-9575

October 7, 2014

Ms. Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Re: Certificate of Need for River Park Hospital

Dear Ms. Hill:

Recently I had the opportunity to meet with Mr. Timothy McGill, CEO for River Park Hospital. I was very happy to learn that River Park Hospital has submitted an application to develop an inpatient geriatric psychiatric program. I am very pleased to write this letter of support, and as the chief law enforcement officer for the 31st Judicial District, I am keenly aware of the need for this program in our area. There is no doubt that the citizens in my district would greatly benefit by having the geriatric psychiatric program in our area.

I highly encourage you to award the Certificate of Need to River Park Hospital so that they can provide these much needed health care services for our community and those surrounding us.

With kind regards,

Lisa S. Zavogiannis
District Attorney General
31st Judicial District

LSZ: pm



101 East Main Street
P. O. Box 7088
McMinnville, TN 37111
Tel: 931.473.1200
Fax: 931.473.1202
www.mcminnvilletn.com

October 2, 2014

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

As Mayor of McMinnville, Tennessee, I appreciate the efforts of the private sector to improve the quality of life across our city. Over the years, River Park Hospital has consistently provided quality health care programs and has offered many new initiatives to meet the ever-growing needs of our citizenry.

River Park has now developed a new proposal that will meet the demands of an ever-aging population. That program would involve incorporating an in-patient geriatric psychiatric service that would require the conversion of 10 medical-surgical hospital beds to 10 geriatric accommodations.

As an elected official, I realize the advantages of having a superior, local health care provider who is committed to serving the future needs of the McMinnville-Warren County geriatric population.

Consequently, I pledge my full support of this proposal and hope that you will give full consideration for approval of this much-needed initiative. River Park is a community partner and it plays a vital role in the health and economic well-being of our citizens. The convenience of having this new service will benefit many and reduce the hardships of traveling to a distant health care facility. Therefore, I welcome this new addition to the outstanding services already offered by our River Park Facility and recommend its approval.

Sincerely:

Jimmy Haley
Mayor

October 2, 2014

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Dear Ms. Hill:

I am writing in support of River Park Hospital's proposal to add 10 Inpatient Geriatric Psych beds.

As a community based long term care center, we have patients that have a need for this level of service. Currently these services require transfer to other facilities out of our area which causes hardship for both the patient and their family members. Granting the CON request to River Park Hospital will allow our patients access to psychiatric services close to family, friends and their personal physician.

Our center has a long standing relationship with River Park Hospital. We are partners in committing to better health care over the years. We thank you for your favorable consideration of this project as it will raise the level and continuity of medical services in our county and region.

Sincerely,



Tim Wrather
Administrator
NHC Health Care of McMinnville



River Park
Hospital

In partnership with Saint Thomas Health

0070149253

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

River Park Hospital is putting forth a proposal to develop an inpatient geriatric psychiatric program and as members of the Board of Trustees for the hospital, we would like to take this opportunity to give our strong support and wholehearted recommendation to this project.


We realize that the Commission receives a great deal of correspondence regarding CON applications, but we want to stress that geriatric psychiatric service is very much needed in our area of the state. In reviewing our county's demographics and population over time, we have noted the increased need for this service. One of the top diagnosis for patients transferred from River Park are patients requiring treatment for psychiatric related issues. Having access to treatment locally would be an immense benefit to many individuals who must either travel or be transferred to another facility for this type of specialized care.

The proposal put forth by River Park Hospital would be an important step forward to ensure the best health care for citizens of Warren County and Middle Tennessee.

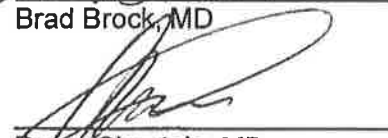
River Park Hospital has exemplified a commitment to improve access to care for patients in our area. Without question, having a local gero-psych program available will help keep patients close to their homes and loved ones while receiving care and treatment.

Sincerely,


Brad Brock, MD


Rodney Boyd


Harry Burck, MD


Bryan Chastain, MD


Mike Galligan


Jeff Golden, Chair


Jerry Hale


Jeffrey Peterson, DO


Todd Stewart, MD


Greg Sweeton



River Park Hospital

In partnership with Saint Thomas Health

10/6/14

October 6, 2014

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

As the Medical Director of Hospital Medicine for River Park Hospital, I would like to let you know of my support for a much needed inpatient geriatric psychiatric program being proposed.

I have seen the growing concern of practitioners regarding access to psychiatric services for their patients. It is disturbing to know elderly patients must drive out of town for treatment. River Park is continually trying to fulfill area needs by committing to better healthcare. The needs of patients are always foremost in their mind. The proposed geriatric psychiatric program for this area is another step into the future.

I hope you will be favorable to this proposal. Thank you for your time and consideration.

Sincerely,

Rene Aguirre, MD
Medical Director
Hospital Medicine
River Park Hospital



River Park
Hospital

In partnership with Saint Thomas Health

0000000000

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

As members of the Medical Executive Committee for River Park Hospital, we would like to take this opportunity to give our support of the hospital's proposal for a new 10 bed inpatient geriatric psych service.

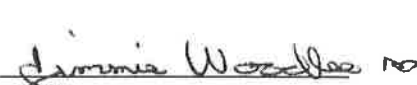
One of the top diagnosis for patients transferred from River Park are patients requiring treatment for psychiatric related issues. Each of us see the need for this type of care to be given locally.


The proposal put forth by River Park Hospital would be an important step forward to ensure the best health care for citizens of Warren County and Middle Tennessee.

River Park Hospital is committed to improve access to care for patients in our area. Having a local gero-psych program available will help keep patients close to their homes and loved ones while receiving care and treatment.


Sincerely,


Harry Burck, MD


Jimmie Woodlee, MD


Oscar Spivey, MD


Terrence Casey, MD


Nigel Fontenot, MD



2014

310A WAR MEMORIAL BUILDING
NASHVILLE, TN
37243

PHONE: (615) 741-6694
TOLL FREE: (800) 449-8366
EXT. 16694

sen.janice.bowling@capitoltn.gov
FAX: (615) 253-0260

Senate Chamber

State of Tennessee

Senator Janice Bowling

16th Senatorial District

*Serving - Coffee, Franklin, Grundy, Marion, Sequatchie,
Van Buren and Warren Counties*

COMMITTEES

GOVERNMENT OPERATIONS

STATE AND LOCAL
2ND VICE CHAIR

TRANSPORTATION

September 26th, 2014

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill:

I understand that River Park Hospital has submitted an application to develop a 10 inpatient geriatric psychiatric program. I would like to take this opportunity to give my strong support and wholehearted recommendation to their project.

I want to stress that geriatric psychiatric services are very much needed in our area of the state. This facility would be of immense benefit to many individuals who must now go outside our community to another area for this type of specialized care.

The proposal put forth by River Park Hospital would be an important step forward to ensure the best health care to citizens of Warren County and Middle Tennessee and I would encourage you to award a Certificate of Need so River Park Hospital can provide these much needed additional health care services.

Sincerely,

Senator Janice Bowling
District 16



0075 '14 4:2:54

www.suncresthealth.com

417 N. Chancery St.
McMinnville, TN 37110

Phone: 931-473-6100
Fax: 931-473-6105

Date: September 30, 2014

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Dear Ms. Hill:

We would like to pledge our support to River Park Hospital's proposal to convert ten medical-surgical hospital beds to ten Geropsych beds.

As a county based home health agency, we realize the advantages of having a health care provider committed to serving the present and future needs of the citizens of Warren County and the surrounding communities. Our elderly patients that require psychiatric services are required to travel out of the county which causes hardship for both the patient and their family members. Granting the CON request to River Park Hospital will allow our patients the access to psychiatric services at home to be close to family and friends.

River Park Hospital has always upheld the idea of commitment to better health care over the years. This facility has played a vital role in social and economic health to all individuals. We thank you for your favorable consideration of this project.

Sincerely,

Elaine Watkins, RN

Elaine Watkins, RN
Regional Administrator
SunCrest Home Health



OCT 6 '14 PM 2:54

Warren County E.M.S.

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville TN 37243

Dear Ms. Hill :

I understand that River Park Hospital is putting forth a proposal to develop an inpatient Geriatric, Psychiatric program and I would like to take this opportunity to give my strong support and wholehearted recommendation to their project.

I realize that the commission receives a great deal of correspondence regarding CON applications, but I want to stress that Geriatric, Psychiatric services are very much needed in our area of the state. Geriatric individuals requiring this type of service currently have to travel quite a distance to receive care. These individuals generally require ambulance transport which in turn puts a strain on local EMS resources which are nearing their capacity for response. Currently any individual within our community requiring emergency detention for psychiatric reasons is required by law to be transported via law enforcement. I can personally attest to the hardships that this creates for our local sheriff's department which is neither staffed nor equipped for such services. This facility and service would be of immense benefit to the local tax based services just as much as it would for the individuals receiving this specialized care which is not currently available in our Community.

Transportation for psychiatric patients via Ambulance have an associated monetary cost not only for local tax based services but for insurance companies as well, both government and private alike. A local psychiatric facility would greatly reduce the amount of transports for these individuals thereby reducing the monetary burden that comes with them.

With definitive care becoming less and less in rural communities, families of these individuals seeking care must travel greater and greater distances in order to be with their loved ones in their time of need. This is no doubt an emotional as well as physical stressor. Providing psychiatric care locally will certainly play a big part in reducing this stress and improving the overall wellbeing of individuals and their families

The proposal put forth by River Park Hospital would be an important step forward to ensure the best healthcare to the citizens of Warren County and Middle Tennessee. I would encourage you to award a Certificate of need so River Park Hospital can provide these much needed additional Healthcare services.

Sincerely,

Director of EMS



WARREN COUNTY, TENNESSEE

201 Locust St., Suite 1 • McMinnville, Tennessee 37110

Phone (931) 473-2505 • Fax (931) 473-0635

County Executive
Herschel Wells

October 3, 2014

Commissioners
Terry Bell
Morris Bond
Carl D. Bouldin
Carl E. Bouldin
Teddy Boyd
Carlene Brown
Wayne Copeland
Randy England
Billy Earl Jones
Ron Lee
Gary Martin
Ken Martin
Michael Martin
Carolyn Miller
Charles Morgan
Gary Prater
David Rhea
Kenny Roberts
Scott Rubley
Tommy Savage
Diane Starkey
Blaine Wilcher
Shane Wilcher
Melissa Yancy

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Hill,

I understand that River Park Hospital has submitted an application to develop a 10 inpatient geriatric psychiatric program. I would like to take this opportunity to give my strong support and wholehearted recommendation to their project.

I want to stress that geriatric psychiatric services are very much needed in our area of the state. This facility would be of immense benefit to many individuals who must now go outside our community to another area for this type of specialized care.

The proposal put forth by River Park Hospital would be an important step forward to ensure the best health care to citizens of Warren County and Middle Tennessee, and I would encourage you to award a Certificate of Need so River Park Hospital can provide these much needed additional health care services.

Sincerely,


Herschel Wells, Sr.
County Executive

HWchc





**SHERIFF'S DEPARTMENT
WARREN COUNTY
108 SECURITY CIRCLE
McMINNVILLE, TENNESSEE 37110
(931) 473-7863 • 473-8032 • 473-8230
Fax (931) 473-5447
*Jackie Matheny, Sheriff***

Melanie M. Hill, Executive Director
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deadrick Street
Nashville, TN 37243

Dear Mrs. Hill:

I am writing on behalf of River Park Hospital and its CON application to create a 10-bed inpatient geriatric psychiatric program.

As the Sheriff of Warren County I have experienced firsthand the need for a local Inpatient geriatric program. There are times I have been unable to find an available psychiatric bed in the region and transportation to and from these facilities not only ties up Law Enforcement Personnel, but burdens the Department Financially. Psychiatric facilities are often filled to capacity or do not accept these types of referrals since many of the patients have no insurance or reliable family transportation to these facilities. We have experienced on many occasions where patients have been transported many miles only to be rejected upon arrival. This cost of sending officers (sometimes on overtime rates), gas, and the loss of this officer on patrol puts a burden on our department. It is my understanding that the geriatric psych program proposed by River Park Hospital will accept involuntary admissions from the judicial system. Given the increase in Psychiatric transports, and criminal cases involving psychological disorders within our jurisdiction this would help to alleviate that burden and prove to be an asset to the community and to the Warren County Sheriff's Department.

I would encourage you to award a Certificate of Need so River Park Hospital can provide these much needed services for our community. .

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Jackie Matheny", written over a horizontal line.